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CanadaChina BusinessForum

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ABOUT THE CANADA CHINA BUSINESS COUNCIL

The Canada China Business Council (CCBC) is the country's leading Canada-China bilateral trade and investment facilitator, catalyst and advocate. Founded in 1978 as a private, not-for-profit, non-partisan business association, CCBC provides unparalleled insight into Sino-Canadian trade and investment issues and develops connections that ensure its members' business success. In addition to its focused and practical services, the Council is also the voice of the Canadian business community on issues affecting Sino-Canadian trade and investment.

CCBC members include some of the largest and best-known Canadian and Chinese firms, as well as small to medium-sized enterprises (SMEs), entrepreneurs, and not-for-profit organizations. CCBC also offers a 'China Watcher' program for individuals interested in staying up to date about Canada-China business relations.

CCBC members represent a wide range of sectors, including financial services, legal services, manufacturing, construction, transportation, mining and energy, information and communications technology, and education.

In addition to its head office in Toronto, CCBC also has offices and staff in Vancouver, Montréal, Beijing and Shanghai. CCBC's network of staff offers programs and services in both Canada and China, and introduces members to opportunities in China's emerging markets. CCBC's chapter in Beijing operates as the defacto chamber of commerce for Canadians in that city.

Through its member services and events, CCBC provides its member companies with business insight, intelligence, connections, and networks that help resolve the inevitable challenges of doing business in another country. For more information about CCBC, visit us online at

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ABOUT BUSINESS FORUM MAGAZINE

Business Forum Magazine (BFM) is essential reading for Canadian and Chinese executives who want to stay up to date and informed of the trends, issues, activities, and perspectives that are shaping bilateral trade and investment. BFM articles cover a wide range of topics and sectors, and the magazine includes interesting facts and statistics, quotes and stories from our members, and photographs of CCBC events. Roughly 2000 copies of BFM are distributed to CCBC members and guests at major CCBC events throughout the year in Canada and China. The magazine is also available online, at www.ccbc.com.

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Letter From the Editor

IT IS MY GREAT PLEASURE TO INTRODUCE TO YOU THE 2012-2013 EDITION OF

Business Forum Magazine – CCBC's premier publication and source for insight, information, opinions and knowledge about Canada-China trade and investment.

This year's magazine focuses on themes that are increasingly relevant to doing business in China. Our lead article "In Business to Serve [China]" explores some of the opportunities that China's shift towards consumer-driven economic growth have created for foreign companies, particularly related to the needs and wants of a growing middle-class. China's services sector is poised for large-scale growth and is an area in which Canadian companies already excel. This article will examine some of the long-term opportunities in this sector.

However good your product or service, all firms entering China need to be equipped with certain tools and knowledge, including a China sales strategy, marketing strategy, and a good understanding of consumer audiences. You'll hear from the experts about this and more in the articles "**Planning Your Product Marketing Strategy in China**" (page 30), "**Selling Into China**" (page 44), "**Eight Lucky Steps to Digital Marketing in China**" (page 38), and "**Weibo: China's Social Media & You**" (page 40).

Another important area that Canadian companies are exploring in China is cleantech and green technologies. Already about 80% of Canada's 700 cleantech companies do business abroad, and opportunities abound in China. Read about developments in the cleantech sector in "**The Canada-China Cleantech Connection**" (page 21). Whether a cleantech innovator or a company looking to stay informed, all firms can benefit from understanding China's environmental policies. "**China's Transition to a Low-Carbon Society: Impacts on Business**" (page 24), takes a look at the history of environmental regulation and what companies can expect today and down the road.

Canada-China relations have achieved significant milestones this year, including the ratification of the Foreign Investment Protection and Promotion Agreement (FIPA), and the release of a bilateral economic complementarity study. "**The New Canada-China Investment Treaty: A Modest Step Toward Closer Trade and Investment Relations**" (page 54) examines the importance of the FIPA, and the article "**Wanted: An Asia Strategy**" (page 52) offers four pillars necessary for greater depth of engagement with China and Asia generally.

This magazine aims to be a resource to you throughout the year, and to help Canadian and Chinese companies – particularly small and medium-sized organizations – to better understand the complexities of doing business in each other's countries. As always, the magazine can be downloaded from our website, www.ccbc.com, as can other resources such as reports, news articles and blog posts.

A special thanks to our contributors, whose business insight and enthusiasm for this magazine has been invaluable. I hope that you enjoy the articles.



This year's magazine focuses on themes that are increasingly relevant to doing business in China.

A. Milinusic

Sincerely,
Alexis Milinusic

Editor-in-Chief
Business Forum Magazine



In business to serve [China]

Même si l'économie chinoise, centrée sur les exportations, connaît un ralentissement, il y a encore de nombreuses opportunités à saisir pour les entreprises canadiennes. En effet, la stratégie économique chinoise, en favorisant une nouvelle ère de croissance fondée sur la consommation, ouvre un nouvel horizon pour les entreprises pouvant offrir les services que réclament les Chinois.

China's export-led economy may be slowing down, but there are still many opportunities for Canadian businesses to do well. In fact, with Chinese economic strategy encouraging a new era of consumer-driven economic growth, it's a brand new day for firms that can offer services Chinese citizens want.

by/par RANDALL MANG

Au travail pour servir la Chine!



ACCORDING TO CANADA-ASIA RELATIONS

expert Yuen Pau Woo, you don't have to visit China to witness the growing influence of the nation's rising consumer class.

"You see it on the streets of Toronto and Vancouver in the throngs of Chinese tourists visiting Canada," says Woo, the president and CEO of the Vancouver-based Asia Pacific Foundation, an independent think-tank that provides research, analysis and information on Canada-Asia relations.

"In 2011, 17 million Chinese travelled overseas. In 1995, that number was maybe four or five million. This is only scratching the surface."

Woo notes that while today's affluent Chinese are among the country's most privileged citizens – the socialites reportedly seen lining up at Louis Vuitton's flagship store on the Champs Elysees, Paris, and exuberantly snapping up luxury items ranging from Bentleys to fine art, champagne and high-end jewelry – "there is a huge group that is coming behind them whose buying power is growing."

Foreign affairs veteran Peter Harder, a former federal deputy minister who now heads the Toronto-based Canada China Business Council, has been involved in China-Canada trade and relations since 1980.

He says the rise of China's consumer class and its intended influence on China's economic growth is by design. "China's 12th five-year plan (announced in 2011) speaks to the evolution of the Chinese economy, with domestic consumption assuming a leading role."

"The issue of social transformation is not just an economic phenomenon; it is about the demand for a higher quality of life, which inevitably means greater demand for services that make life more comfortable," says Woo.

"This is the big opportunity for Canada: the chance to provide high-end services – including health care, architectural, financial, education, insurance, accounting, music education, hotel management – the list goes on and on," he added.

According to 'Meet the Chinese consumer of 2020,' an article published earlier this year in McKinsey Quarterly, a publication of global consulting firm McKinsey and Company, the vast majority of China's consumers currently have just enough annual disposable income (\$6,000 to \$16,000) to cover basic needs. At the other end of the spectrum, about 2 per cent of China's urban population (4.26 million households) are affluent consumers, with household incomes exceeding \$34,000. Occupying the middle ground is an estimated 14 million "mainstream" consumer households – those with a current annual disposable income ranging from \$16,000 to \$34,000. By 2020, this mainstream group is expected to reach 167 million households (close to 400 million people, or 51 per cent of the urban population) making it the

future "standard setters for consumption. Companies will be able to respond by introducing better products to a vast group of new consumers, thus differentiating themselves from competitors and earning higher profits."

However, Harder cautions that China's service sector heyday isn't here quite yet.

"The service sector in China has been growing on average about 10 per cent a year since 2000. But as a proportion of China's GDP, the services sector increased only modestly from 34 per cent in 1990 to about 40 per cent in 2004. It has held steady at that level since then," says Harder, noting that services sectors in industrialized countries such as Japan, Germany and the UK contribute upward of 70 per cent of economic wealth. "The U.S. derives nearly 80 per cent of its wealth from services industries, which, since 2003, have also accounted for nearly 80 per cent of the nation's employment."

"Let's not forget that, on average, China is still a poor country, with a per capita GDP substantially lower than Canada and the U.S. Even when its GDP exceeds the U.S. – as it will – the per capita income will remain lower than it is in the West," said Woo.

He says currently, the majority of Chinese consumers are not accustomed to spending heavily on services. "There are expensive restaurants and hotels, of course, but generally there is not a culture of spending big money on high-end services such as access to networks and advice – accountants, PR firms, architects, etc. There isn't the same value attached to many of the intangibles that come with service provision as we know it in the West."

For now, some of China's biggest near-term opportunities are rooted not only in catering to the aspirations and desires of Chinese citizens, but also their government's interests.

Marc Sterling, Manulife Financial's executive vice president, Asia Regional Operations, and chairman of Manulife-Sinochem Life Insurance Co., Ltd., says aligning with Chinese policies, both current, and with an eye toward the country's future development, is a significant advantage for anybody who does business in China.

In step with this thinking, Denis L'Heureux, Export Development Canada's chief representative for Greater China, notes the income spread between China's rich and poor citizens has become a major concern of the Chinese government, which is expected to take actions to reduce the gap. "In practice, this means improving the standard of living of the lower income group. This combined with a rapidly aging population will have quite an impact on the spending patterns of Chinese in the coming years."

He says, for example, that demand for medical services is on a clear growth trajectory with China expected to have 300 million people of retirement age by 2030.

"The existing middle class has already helped create demand for high-end medical services, and modern health facilities are now common and increasing in number," says L'Heureux.

While L'Heureux notes China's financial services sector remains highly regulated and offers Chinese citizens limited opportunities to invest outside of real estate and savings deposits, he says this is expected to change rapidly. "Chinese consumers are asking for alternative investment vehicles for their savings."

In a 2007 article, McKinsey Quarterly called asset management the most "tantalizing" of all of China's financial-services opportunities with steady growth "fueled by the investment, retirement, and insurance needs of increasingly affluent Chinese consumers."

That opportunity has registered with leading Canadian financial services companies including BMO, Sun Life and Manulife.

For example, after several years of working on its strategy, Manulife re-entered China in 1996, when it formed Manulife-Sinochem Life Insurance Company (MSL), and became the first joint-venture life insurance company licensed in China. In 2010, Manulife entered the mutual fund business by

acquiring a 49 per cent stake in what is now called Manulife-TEDA Fund Management Company.

Through their Chinese ventures Canadian financial services firms are now offering a range of products including life and health insurance, personal accident plans, investments and annuities as well as group life insurance, group health, group accident and group pension plans. While the market remains largely nascent, by building strong brands, wide distribution networks and product lines now, these and other financial services firms are positioning themselves for future growth.

L'Heureux adds that education services – in particular higher education – is another sweet spot.

"Chinese families want their child to have access to higher education for better life opportunities. Demand for enrolment at universities in China and for Chinese students going overseas continues to increase," he says. "Canadian universities and companies involved in the education sector should all have a China strategy."

Canada China Business Council chief operating officer and executive director Sarah Kutulakos says, "Canadian schools including UBC, U of T and York University all provide training of cadres. I've seen training of firefighters, auto mechanics – you name it. There are education needs now that didn't exist 10 years ago."

Alan C. Middleton, the executive director of the Schulich Executive Education Centre at York University's Schulich School of Business and a faculty member of the York University



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Asian Business and Management Program (ABMP), began charting York's course in China nearly a decade ago.

That's when Middleton – who formerly ran the Japanese business unit of global advertising agency JWT – paired up with York University colleague Professor Bernie Frolic – a long-time China policy expert – to develop programs to meet Chinese demand for management training.

Working in step with China's official wishes proved fruitful. While China doesn't allow foreign universities to set up independent campuses on Chinese soil, China's state-owned enterprises encourage their managers to attend school abroad.

Middleton says that approach stems from the thinking of Deng Xiaoping, the former Communist Party reformist leader credited with leading China towards a market economy in the 1980s. He believed that, in order to fully engage on the world stage, China needed to better understand the world. "Deng Xiaoping realized that China needs competitive organizations, not just monopolies. He knew that managers of state-owned entities needed to go and experience best practices, not only through classroom education, but also through site visits."

Middleton and Frolic responded with programs tailor made for state-owned industries interested in sending their managers to Canada for a blend of classroom studies plus exposure to Western business practices and culture.

"These are well-educated people; managers and executives. But often, before they get involved in our program many of them have not even eaten Western food before. They are still very local in their personal habits. They are trying to connect with the world."

Business has flourished for Schulich and York. The school set up an office in Beijing in 2003. In 2006, an office in Shanghai was added.

Middleton and Frolic's entry point was China's financial institutions: Bank of China, the Export-Import Bank of China, Bank of Shanghai as well as four state-owned asset management corporations. They have since broadened their reach into state-owned aerospace, retail and food and media entities.

"Together with the ABMP, we are one of only six organizations in Canada licensed by the Chinese government to provide training for these kinds of companies," says Middleton.

Bringing Chinese managers to Canada for training not only meets Chinese objectives; it also conveniently enables Schulich and the ABMP to command Western prices for their services.

For Middleton and his York University colleagues, however, this is just the start. "If I was a purely private organization that offers training, but not degrees, I could set up a business in China to offer education services," he says, adding coyly, "We are about to sign a couple of deals."



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Revealing his motivation, Middleton offers, “There are a whole bunch of people in China about to move into management positions, but who might not yet have the backing to get sent to Canada to do this kind of training. I want to offer that group the best training, but without the travel costs.”

To do so, Middleton and his colleagues have developed a business model for China-based services that will enable the school to charge lower fees yet remain profitable.

Kutulakos says that regardless of what consumers are willing to pay, service providers setting up shop in China should expect to deliver at a high level.

“The Chinese consumer is very demanding. While China is trying to bring its service industry up a level in terms of sophistication and technology, the ubiquity of the ease of access to goods and services drives certain expectations,” says Kutulakos, who has lived and worked in Asia off and on since 1987, including time spent in senior marketing and product development positions with Kodak. “In China, everyone will come to you – from the tea shop to the tailor.”

Kutulakos encourages Canadians to “bring the sophistication of our own services – things that are standard in our market, but which have yet to emerge in China.” For example, she says Amazon has adjusted its model to meet local expectations. “These days, many people only shop on-line in China. With Amazon you can get goods delivered within a matter of hours of placing your order.”

Regardless of your industry, she adds, China is extremely competitive. “You’ll find you have sharp competitors. You just have to figure out where your added value is, and do it better. Recent surveys showed that between 75 per cent and 89 per cent of Western companies operating in China are profitable. Business is very good, but it’s tough and getting tougher.”

Canadians would be wise to get used to it, advises Peter Harder. “We have some natural advantages given our geography, immigration patterns, educational institutions and a services sector that is accustomed to adapting to other cultures. We should be more deliberate about expressing our Asia Pacific personality. We should insist that our students spend time in Asia and learn Asian languages. Just as we welcome Asians to our universities, we should be seeking relationships.”

He commends Alberta Premier Alison Redford for creating Canada’s first provincial Asia Advisory Council, a body that will offer Alberta guidance on Asia strategies. Premier Redford also recently signed an MOU with the Canada China Business Council that will see it host provincially sponsored ‘externships,’ providing Alberta grad students a chance to spend time in CCBC offices in China where they will “learn China’s business practices and culture – to develop the sparks of business relationships,” says Harder.

The bottom line, says Harder, is “you have to be there. Finding the counterparts in the niche area that you are offering and building relationships. The fact is China and Asia will be our number-two trade partner for the next 25 years. The potential is nearly limitless if we seize that opportunity.” ☺☺





Recent surveys showed that between 75 per cent and 89 per cent of Western companies operating in China are profitable.

S

ELON YUEN PAU WOO, EXPERT DES RELATIONS

entre le Canada et l'Asie, il n'est pas nécessaire de se rendre en Chine pour constater l'influence croissante exercée par les consommateurs chinois, dont le nombre ne cesse d'augmenter dans le pays.

« Vous n'avez qu'à regarder les rues de Toronto et de Vancouver : une multitude de touristes chinois se rend au Canada, » souligne M. Woo, président et chef de la direction de la Fondation Asie Pacifique du Canada, un groupe de réflexion indépendant dont le siège social est à Vancouver, et qui fournit des études, analyses et informations sur les relations transpacifiques du Canada.

« En 2011, dix-sept millions de Chinois se sont rendus à l'étranger. En 1995, ce chiffre n'atteignait que quatre ou cinq millions. Et ce n'est que le commencement. »

M. Woo relève que, bien qu'à l'heure actuelle les Chinois aisés font partie de la classe la plus favorisée du pays (on peut voir ces privilégiés faire la file devant la boutique phare « Louis Vuitton » sur les Champs Élysées, à Paris, et se jeter avec un enthousiasme débordant sur les articles de luxe, allant de la Bentley aux œuvres d'art, et du champagne à la haute joaillerie) « il y a une énorme vague de consommateurs qui arrive derrière eux, dont le pouvoir d'achat ne cesse de croître. »

Vétéran des Affaires étrangères, Peter Harder est un ancien sous-ministre qui dirige à présent le Conseil d'affaires Canada-Chine, dont le siège social est à Toronto. Depuis 1980, M. Harder est impliqué dans les relations et les échanges commerciaux entre la Chine et le Canada.

Selon lui, l'essor de la classe des consommateurs chinois et son influence sur la croissance économique du pays est intentionnelle. « Le douzième plan quinquennal de la Chine (annoncé en 2011) illustre l'évolution économique du pays, dans laquelle la consommation intérieure jouera un rôle majeur. »

« La question du changement social n'est pas seulement un phénomène économique; les gens recherchent une meilleure qualité de vie, ce qui entraînera inévitablement une augmentation de la demande de services rendant la vie plus facile, » explique M. Woo.

« C'est l'occasion pour le Canada de saisir sa chance : la possibilité de fournir des services haut de gamme, notamment dans le domaine de la santé, de l'architecture, des finances, de l'éducation, des assurances, de la comptabilité, de l'enseignement musical, de la gestion hôtelière, et la liste ne s'arrête pas là », ajoute-t-il.

Selon un article intitulé « Meet the Chinese consumer of 2020 » [« Faites connaissance avec le consommateur chinois de 2020 »], paru en début d'année dans McKinsey Quarterly, une publication de la société internationale de services-conseils McKinsey and Company, aujourd'hui, la grande majorité des consommateurs chinois dispose à peine du revenu nécessaire (6000 à 16 000 \$) pour subvenir à ses besoins élémentaires. À l'inverse, les consommateurs aisés, disposant d'un revenu supérieur à 34 000 \$, représentent environ

NILS KAHLE/ISTOCKPHOTO.COM

2 % de la population urbaine chinoise (soit 4,26 millions de ménages). Entre ces deux extrêmes, on trouve les consommateurs « moyens » (ceux dont le revenu annuel est compris entre 16 000 et 34 000 \$), estimés à quatorze millions. D'ici 2020, cette classe moyenne devrait représenter 167 millions de ménages (près de 400 millions de personnes, soit 51 % de la population urbaine), ce qui signifie qu'à l'avenir « c'est elle qui donnera le ton en matière de consommation. Pour répondre à la demande, les sociétés devront proposer de meilleurs produits à ce vaste groupe de nouveaux consommateurs, afin de se différencier de la concurrence et de réaliser ainsi des profits plus substantiels. »

Cependant, M. Harder signale que le secteur des services en Chine n'a pas tout à fait atteint son apogée.

« Depuis l'an 2000, le secteur tertiaire chinois connaît une croissance moyenne annuelle de 10 %. Mais proportionnellement au PIB de la Chine, la croissance du secteur des services, qui est passée de 34 % à 40 % entre 1990 et 2004, reste modeste. Depuis, elle s'est stabilisée à ce niveau, » explique M. Harder, qui rappelle que dans les pays industrialisés tels que le Japon, l'Allemagne et le Royaume-Uni, le secteur tertiaire génère plus de 70 % de la richesse économique. « Aux États-Unis, près de 80 % de la richesse provient de l'industrie des services, qui en 2003, générait également près de 80 % des emplois à l'échelle nationale. »

« N'oublions pas que, globalement, la Chine est encore un pays pauvre, dont le PIB par habitant est nettement inférieur à celui du Canada et des États-Unis. Même lorsque le PIB de la Chine dépassera celui des États-Unis, ce qui est inéluctable, le revenu par habitant demeurera inférieur à celui des pays occidentaux, » souligne M. Woo.

Il explique que présentement, la plupart des consommateurs chinois n'ont pas l'habitude de dépenser beaucoup en services. « Il y a des hôtels et des restaurants chers, bien sûr, mais en général, dépenser de grosses sommes pour des services haut de gamme, pour avoir accès à des réseaux et à des conseils (notamment dans les domaines de la comptabilité, des relations publiques, de l'architecture, etc.) ne fait pas partie de la culture chinoise. En Chine, on ne confère pas la même valeur aux nombreux avantages intangibles qui découlent de la prestation de services, telle que nous la connaissons en Occident. »

Présentement, les occasions les plus intéressantes offertes à court terme par la Chine sont liées non seulement aux aspirations et aux désirs des Chinois, mais aussi aux intérêts de leur gouvernement.

Pour Marc Sterling, vice-président directeur de Financière Manuvie, Exploitation régionale Asie, et président du conseil d'administration de Manulife-Sinochem Life Insurance Co. Ltd., toute personne faisant des affaires avec la Chine a tout intérêt à s'aligner sur les politiques chinoises actuelles, sans pour autant perdre de vue l'évolution future du pays.

Denis L'Heureux, représentant en chef d'Exportation et Développement Canada en Chine élargie, concorde avec cette façon de penser : il observe que la disparité de revenu entre riches et pauvres est devenue un sérieux motif d'inquiétude pour le gouvernement chinois, qui devrait prendre des mesures pour réduire l'écart. « Concrètement, cela signifie améliorer le niveau de vie du groupe au revenu le plus faible. Si

on ajoute à cela le vieillissement rapide de la population, ces facteurs auront un impact important sur le type de dépenses réalisées par les Chinois dans les années à venir. »

Il signale notamment que la demande de services médicaux est visiblement en hausse, dans une Chine où l'on prévoit que d'ici 2030, trois cents millions de personnes seront en âge de prendre leur retraite.

« La classe moyenne existante a déjà créé la demande de services médicaux haut de gamme et aujourd'hui, il n'est pas rare de voir des installations sanitaires modernes, dont le nombre est en augmentation » commente M. L'Heureux.

Tout en soulignant que le secteur chinois des services financiers demeure strictement réglementé et que les possibilités offertes aux Chinois voulant investir dans autre chose que de l'immobilier ou des fonds d'épargne sont limitées, M. L'Heureux assure que cela devrait bientôt changer. « Les consommateurs chinois veulent avoir accès à d'autres formes d'investissement pour placer leurs économies. »

Dans un article paru en 2007, McKinsey Quarterly estime que la gestion des biens constitue la tentation la plus « irrésistible » de toutes les opportunités offertes par le secteur des services financiers en Chine, en raison de sa croissance soutenue, « alimentée par les besoins d'investissement, de retraite et d'assurance de consommateurs chinois de plus en plus aisés. »

Pour les grosses sociétés canadiennes de services financiers, notamment BMO, Sun Life et Manuvie, cette opportunité n'est pas passée inaperçue.

Ainsi, après plusieurs années passées à élaborer sa stratégie, Manuvie est revenue en Chine en 1996, pour y fonder Manulife-Sinochem Life Insurance Company (MSL), et devenir la première coentreprise d'assurance vie autorisée en Chine. En 2010, Manuvie s'est lancée dans le secteur des fonds communs en acquérant 49 % d'une société maintenant appelée Manulife-TEDA Fund Management Company.

Par le biais de leurs entreprises chinoises, les sociétés de services financiers canadiennes offrent maintenant toute une gamme de produits, notamment des assurances vie et maladie, des couvertures individuelles contre les accidents, des plans d'investissements et de rentes, ainsi que des assurances vie et maladie, des couvertures contre les accidents et des régimes de retraite collectifs. Bien que ce marché commence à peine à s'ouvrir, ces sociétés de services financiers, parmi d'autres, jettent dès à présent des fondements solides sur lesquels établir leur marque, développent de vastes réseaux de distribution et créent des gammes de produits, en prévoyance de la croissance à venir.

M. L'Heureux ajoute que les services éducatifs, notamment dans l'enseignement supérieur, constituent aussi un secteur privilégié.

« Les familles chinoises veulent que leur enfant fasse des études supérieures pour qu'il ait de meilleures chances dans la vie. Les demandes d'étudiants voulant s'inscrire dans les universités chinoises et partir étudier à l'étranger continuent à augmenter, » souligne-t-il. « Les universités canadiennes et les sociétés du secteur de l'enseignement devraient toutes avoir une stratégie chinoise. »

Sarah Kutulakos, directrice générale et chef de l'exploitation du Conseil d'affaires Canada-Chine, observe que « les



Les consommateurs aisés, disposant d'un revenu supérieur à 34 000 \$, représentent environ 2 % de la population urbaine chinoise (soit 4,26 millions de ménages).

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établissements canadiens, tels que UBC (University of British Columbia), U of T (University of Toronto) et l'université York offrent tous des formations pour les professionnels en milieu de carrière. Elles proposent des formations pour pompiers, pour mécaniciens automobiles – il y en a pour tous les goûts. Les besoins éducatifs actuels n'existaient pas il y a dix ans. »

Alan C. Middleton est directeur général du Schulich Executive Education Centre à la Schulich School of Business de l'université York. M. Middleton, qui enseigne également au sein de cette université dans le cadre de l'Asian Business and Management Program (ABMP), a commencé à tracer la route que suivrait York en Chine il y a près d'une décennie.

C'est alors que M. Middleton, qui dirigeait auparavant la division commerciale japonaise de l'agence de publicité internationale JWT, a décidé de faire équipe avec son collègue de l'université York, le professeur Bernie Frolic, un expert chevronné en matière de politiques chinoises, pour concevoir des programmes qui répondent à la demande chinoise de formation de gestionnaires.

Travailler en phase avec les souhaits exprimés par le gouvernement chinois a porté ses fruits. Bien que les universités étrangères ne soient pas autorisées à fonder des campus indépendants sur le sol chinois, les entreprises publiques nationales incitent leurs gestionnaires à faire des études à l'étranger.

M. Middleton explique que cette approche est inspirée de la pensée de Deng Xiaoping, ancien dirigeant réformiste du Parti communiste, à qui l'on doit l'ouverture de la Chine à une économie de marché dans les années 1980. Celui-ci estimait que pour assumer pleinement son rôle sur la scène mondiale, la Chine devait acquérir une meilleure compréhension du monde. « Deng Xiaoping se rendait compte que la Chine avait besoin d'entreprises concurrentielles, et pas uniquement de monopoles. Il savait que les gestionnaires des entreprises publiques devaient quitter la Chine pour faire l'expérience des meilleures pratiques, pas seulement dans une salle de classe, mais avec des visites sur le terrain. »

M. Middleton et M. Frolic ont réagi en créant des programmes faits sur mesure pour les entreprises publiques

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désireuses d'envoyer leurs gestionnaires au Canada pour suivre des cours en classe et se familiariser avec les pratiques commerciales et la culture occidentales.

« Ce sont des gens avec un bon niveau d'études; des gestionnaires et des cadres. Mais souvent, avant de s'inscrire à notre programme, la plupart d'entre eux n'ont même pas eu l'occasion d'essayer la nourriture occidentale. Leurs habitudes personnelles sont encore très particulières à la Chine. Ils essaient de se connecter au monde. »

Les affaires sont florissantes pour l'école Schulich et l'université York. L'école a ouvert un bureau à Beijing en 2003. En 2006, le bureau de Shanghai a suivi.

C'est auprès des institutions financières chinoises qu'Alan C. Middleton et Bernie Frolic ont trouvé une porte d'entrée : la Banque de Chine, la Banque d'import-export de Chine, la Banque de Shanghai, ainsi que quatre autres entreprises publiques de gestion de biens. Depuis, ils ont étendu leur marché à des entreprises publiques de l'industrie aérospatiale, de la vente au détail, de l'alimentation et des médias.

« Avec l'ABMP, nous sommes l'un des six organismes canadiens autorisés par le gouvernement chinois à assurer la formation pour ce genre d'entreprises, » précise M. Middleton.

Faire venir les gestionnaires chinois au Canada pour suivre une formation ne répond pas seulement aux objectifs de la Chine; cela permet également à l'école Schulich et à l'ABMP de négocier leurs services à des tarifs occidentaux.

Mais pour M. Middleton et ses collègues de l'université York, c'est juste le commencement. « Si je dirigeais une société privée proposant des formations, et non des diplômes, je lancerais une entreprise de services éducatifs en Chine, » confie-t-il. « Nous sommes sur le point de signer deux contrats, » ajoute-t-il sur un ton évasif.

Dévoilant sa motivation, M. Middleton nous révèle qu'il y a en Chine une multitude d'individus sur le point d'occuper des postes de gestionnaires, mais qui à l'heure actuelle ne disposent pas des ressources nécessaires pour être envoyés au Canada et y suivre ce genre de formation. C'est à ce groupe là que je veux proposer la meilleure formation, mais sans qu'ils aient à payer les frais du voyage. »

Pour ce faire, M. Middleton et ses collègues ont conçu un modèle de gestion visant à offrir des services sur place, en Chine, ce qui permettra à l'école de proposer des tarifs plus abordables tout en assurant sa rentabilité.

Selon Mme Kutulakos, indépendamment du prix que les consommateurs sont prêts à payer, les prestataires de services qui s'installent en Chine doivent être prêts à fournir des services de haute qualité.

« Le client chinois est très exigeant. La Chine essaie d'améliorer la qualité de ses services, notamment en matière de sophistication technologique, mais aujourd'hui la facilité d'accès aux biens et aux services fait que les gens ont certaines exigences, » explique Mme Kutulakos, qui a vécu et travaillé par intermittence en Asie depuis 1987, période durant laquelle elle a été cadre supérieure dans les domaines du marketing et du développement de produits chez Kodak. « En Chine, tout le monde viendra vers vous, depuis le tailleur au propriétaire du salon de thé. »

Mme Kutulakos encourage les Canadiens à « affiner leurs propres services, c'est-à-dire à se concentrer sur des aspects

qui sur le marché canadien sont considérés comme acquis, mais n'existent pas encore en Chine. » À titre d'exemple, elle cite Amazon, qui a adapté son offre pour répondre à la demande locale. « Présentement, en Chine, de nombreuses personnes font leurs achats exclusivement en ligne. Avec Amazon, les produits sont livrés quelques heures après avoir passé commande. »

Quel que soit votre secteur d'activité, ajoute-t-elle, la concurrence en Chine est extrême. « Vous vous serez confrontés à des concurrents féroces. Vous devrez déterminer quelle est votre valeur ajoutée, et faire encore mieux. Des sondages récents ont révélé que 75 à 89 % des entreprises installées en Chine sont rentables. L'activité commerciale est excellente, mais les affaires sont dures et deviendront de plus en plus dures. »

Selon Peter Harder, les Canadiens seraient bien avisés de s'habituer à cette situation. « Nous avons des avantages naturels, liés à la géographie de notre pays, à ses tendances migratoires, à ses établissements éducatifs et à un secteur de services qui a l'habitude de s'adapter à d'autres cultures. Nous devrions exprimer notre personnalité transpacifique plus ouvertement. Nous devrions insister pour que nos étudiants passent du temps en Asie et apprennent les langues asiatiques. De même que nous accueillons les Asiatiques dans nos universités, nous devrions fomentier les relations avec eux. »

M. Harder loue l'initiative de la première ministre de l'Alberta, Alison Redford, qui a créé l'Asia Advisory Council [Conseil consultatif sur l'Asie], une entité provinciale dont l'objectif est d'offrir une orientation sur les stratégies asiatiques. De plus, Allison Redford vient de signer un protocole d'accord avec le Conseil d'affaires Canada-Chine, qui accueillera en externat des étudiants albertains parrainés par la province, leur donnant ainsi la possibilité faire un stage dans les bureaux du CCBC en Chine, où ils « se familiariseront avec les pratiques commerciales et la culture chinoises, dans le but d'apprendre comment initier des relations d'affaires, » commente M. Harder.

En conclusion, dit M. Harder, « il faut être sur place. Il faut trouver les partenaires qui correspondent aux niches que vous voulez développer et établir des relations. La réalité, c'est que dans les vingt-cinq années à venir, la Chine et l'Asie seront vos seconds partenaires commerciaux. Les opportunités sont presque illimitées, à condition de savoir les saisir. » ☺☺

Randall Mang is a senior writer, editor and president of Randall Anthony Communications Inc, service provider to *The Globe and Mail*.

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Investing in the Canadian mining sector

by CAMERON MINGAY,
SENIOR PARTNER (MINING),
CASSELS BROCK & BLACKWELL LLP



IN TODAY'S CAPITAL MARKETS, CHINESE MINING

investors have a broad range of opportunities from which to choose. Many countries are seeking capital investment in their mining sectors, including Canada, which has long been the leading destination for investment in mining exploration. Canada currently attracts 19% of the world's spending on mining exploration and that percentage is expected to grow in the years to come.

Canada's many attributes appeal to global mining investors. For example, the respected international business magazine, *Forbes*, ranks Canada first in its listing of "The Best Countries for Business." Kurt Badenhausen, a senior editor of *Forbes*, has noted "Canada ranks No. 1 in our annual look at the Best Countries for Business. ... The [US] \$1.6 trillion economy is the ninth biggest in the world and grew 3.1% last year... Canada is the only country that ranks in the top 20 in 10 metrics that we considered to determine the Best Countries for Business.... It ranks in the top five for both investor protection as well as lack of red tape."

Government policy

In its official Minerals and Metals Policy, the Government of Canada has stated "Canada must compete as never before to attract investment capital to sustain its minerals and metals industry. In this environment, all governments must work together to ensure that a positive investment climate is maintained."

Recently, the Government of Canada provided solid evidence of its enthusiasm to attract foreign capital by announcing that it will progressively raise the limit of external investment required to trigger a regulatory review to CAD\$1 billion over the next four years, opening the Canadian market to offshore investors at an unprecedented level.

On September 9, at the 2012 APEC leaders' summit in Vladivostok, Russia, Prime Minister Stephen Harper and Chinese President Hu Jintao signed the Canada-China Foreign Investment Promotion and Protection Agreement (FIPA) after 18 years of negotiation. In addition to its measures promoting trade, the agreement offers significant protections to Chinese and Canadian investors in each other's countries by providing a framework for dispute resolution and neutral arbitration. It comes into effect in October 2012.

Provincial support

In conjunction with the federal government's efforts, Canada's provincial governments are taking aggressive steps to attract foreign capital to the mining sector. The province of Ontario, for example, is actively developing the Ring of Fire, a 5,000-square-kilometre region that holds significant deposits of copper, zinc, nickel, platinum, vanadium and gold. The area contains a chromium deposit that is huge by global standards and is the only such deposit in North America. It is significant to note that the Ontario government is backing a number of sizeable infrastructure developments in this area, including a 320-kilometre railway and a winter road.

Equity markets

Despite its relatively small population, Canada has the fourth largest equity market by float capitalization in the world, with a total market capitalization of approximately CAD\$2 trillion. The country is home to Toronto Stock Exchange (TSX) and the associated TSX Venture Exchange (TSXV) which, considered together, were the global exchange leader in new listings from 2009 to 2011. The TSX and TSXV maintain a unique market structure with a strong feeder system that helps development-stage companies to grow and ultimately qualify



for listing on the Toronto Stock Exchange, where 40% of daily trading originates with international brokers.

The TSX and TSXV have the highest number of listings of mining companies globally and have raised the most equity capital of the world's exchanges for such companies. They provide an excellent vehicle for Chinese mining companies seeking to acquire capital for expansion into international markets. In fact, in 2011 more than 90% of all global mining equity financings took place on the TSX and TSXV.

Services Infrastructure

Chinese mining investors who come to Canada will also find a well-developed services infrastructure in place to help their companies grow. There are more than 3,200 companies in Canada that provide the industry with services ranging from engineering consulting to drilling equipment.

Working with Chinese investors

Many Chinese companies have already profited from their investments in the Canadian mining sector. For example, in 2009, Wuhan Iron and Steel (WISCO) and Consolidated Thompson Iron Mines concluded a US\$240 million agreement to develop Consolidated's Bloom Lake project in Quebec. Two years later, Cliffs Natural Resources bought Consolidated Thompson for US\$4.95 billion at a 31% premium on the average share price, resulting in WISCO achieving a substantial gain on its capital investment.

In April 2012, Canada's Alderon Iron Ore Group sold a 19.9% stake in the corporation and 25% partnership in its large Kami project to China's Hebei Group for CAD\$195.4

million. The arrangement established an extremely valuable strategic joint-venture partnership with the potential for significant rewards to both sides over time.

While Canada presents a number of opportunities to Chinese investors, especially those prepared to take advantage of short-term fluctuations in valuations to achieve long-term rewards, some execution risks exist, but they are relatively insignificant in comparison with other mining jurisdictions.

Most of these execution risks are due to ineffective relations with regulators, an inadequate network of business and professional contacts to identify high-potential investments, and failure to comply with Canadian and international standards regarding corporate social responsibility, governance, health, safety and environmental concerns, native treaty rights, and other issues. All can be successfully addressed with the help of professional advisers. ☺☺

在当今的资本市场，中国矿业投资者有很宽泛的机会可以选择。包括加拿大在内的许多国家都在矿业领域寻求资本投资，长期以来，加拿大都是矿业投资的首选地。加拿大目前吸引着全球19%的矿业勘探资本，而且该比例还有望在今后几年里继续增长。

加拿大的许多优点，对投资者来说都充满诱惑。例如，权威的国际商业杂志《福布斯》在其“全球最佳营商国家”名单中，将加拿大列在榜首。《福布斯》高级编辑 Kurt Badenhausen 表示，

“加拿大在我们的“全球最佳营商国家”评选结果中名列第一...该国的国内生产总值达16万亿美元，位居全球第九，去年增幅为3.1%...在我们用于确定“全球最佳营商国家”所依据的10项标准当中，加拿大是唯一一个全部排在前20强的国家...在投资者保护和缺乏繁琐手续方面 排在前5名。”政府政策

在官方的“矿业和金属政策”中，加拿大政府声称

“加拿大必须以前所未有的方式竞争到投资资本来保持其矿业和金属行业的长期发展。在此环境下，所有政府携手努力，以确保积极的投资环境。”

加拿大政府近期宣布，将在今后四年里把触发监管审查流程的海外投资限额逐步提高

到10亿加元，从而把加拿大市场向海外投资者开放到一个前所未有的水平——这充分证明了加拿大政府吸引外商资本的热情。2012年9月9日，经过长达18年的谈判，加拿大总理史蒂芬·哈珀与中国国家主席胡锦涛在俄罗斯符拉迪沃斯托克市举行的2012年度亚太经合组织峰会上签署了《加中外资促进暨保护协议》

(FIPA)。除促进贸易的各项举措外，该协议还通过提供争议解决方案和中立仲裁方案之框架性协议的方式，为加中两国的投资者在各自国家提供了充分的保护。该协议于2012年10月生效。

省政府的支持

与联邦政府的努力协同并进，加拿大的省级政府也在积极采取措施吸引外资投资矿业领域。

例如，安省就在积极开发“火圈”区域。该区域面积达5,000平方公里，区域内拥有丰富的铜、锌、镍、铂金、钒及黄金矿藏。该地区还包含铬矿藏，以世界级标准衡量，该矿藏储量巨大，并且是北美独一无二的此类矿藏。值得注意的是，安省政府正在对区域内

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的多个大规模基础设施开发项目提供支持，其中包括一个320公里的铁路项目以及一个冬季公路项目。

证券市场

尽管人口相对较少，以自由流通市值算，加拿大拥有世界上第四大证券市场，市场总资本值大约\$2万亿。加拿大多伦多证券交易市场（TSX）和关联的 TSX 创业板，二者2009至2011年间的新上市公司总数在全球股市中领先。TSX 和 TSXV 一直保持着独特的市场结构，其强大的培养系统旨在帮助发展阶段的公司得以成长，并最终获得在 TSX 上市的资格，大约40%的日交易量来自国际经纪人。

TSX和TSXV在全球拥有最多上市的矿业公司，并为这些公司募集了最多的证券资本。他们为寻求获得资本以便扩展到全球市场的中国矿业公司提供了优秀的工具。事实上，2011年，全球90%以上的矿业证券融资都是在TSX和TSXV市场进行的。

服务类基础设施

来加拿大的中国矿业投资者将得以利用已经到位的发达基础设施来帮助其公司成长壮大。加拿大有3,200多家公司为行业提供各种服务，从工程咨询到钻探设备。

与中国投资者合作

许多中国企业已经从其加拿大矿业领域的投资活动中受益。例如，2009年，武汉钢铁（集团）公司（WISCO）与 Consolidated Thompson Iron Mines 达成了价值2.4亿美元的协议，以共同开发 Consolidated 公司在魁北克的 Bloom Lake 项目。两年后，Cliffs Natural Resources 以49.5亿美元的价格收购了 Consolidated Thompson，每股平均溢价31%，这使得武钢集团在其资本投资上取得了可观的收益。

2012年4月，加拿大的 Alderon Iron Ore Group 将其19.9%的股份及其在大型 Kami 项目中25%的联合经营权出售给了中国的河北钢铁集团，成交价格为1.954元。在此安排下，双方成立了一个极具价值的战略性合资企业，使双方今后都有大幅获利的可能性。

虽然加拿大对中国投资者来说充满机遇，对那些想充分利用短期价值波动获得长期效益的人来说尤其如此，一些执行方面的风险还是存在的，但比起其它矿业地区来说，这些风险又是相对较小的。

大多数此类执行性风险的存在，是因为与监管者之间没有建立有效的关系，识别投资潜力的商业和专业网络不足，以及在企业社会责任、政府监管、卫生、安全和环境、原住民条约权利及其它各方面没有满足国际标准。在专业顾问的帮助下，一切问题都能迎刃而解。☺☺

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by DENIS L'HEUREUX,
CHIEF REPRESENTATIVE,
CHINA, EDC

The Canada-China Cleantech Connection

WE OFTEN MISTAKE CLEANTECH AS A STANDALONE sector, but the reality is that cleantech, as a conceptual approach, cuts across all major sectors and industries.

Consider capturing and recycling flared gas in the petroleum industry, smart grid technology in the power sector, wastewater treatment in the water sector, the new fuel-efficient gearing of Pratt and Whitney engines in the aerospace sector, recycled compound structures in the construction and infrastructure sectors, waste to fertilizer processes in the agricultural sector and electric vehicles in the auto sector, to name a few.

Given the breadth of cleantech's impact across industries, it is no surprise that its current global market value is estimated to be \$3-to-\$4-trillion a year. And because of its sector diversification, cleantech showed remarkable resilience during the 2007 to 2009 recession, with an average revenue growth of 45 percent during that period. Is it any wonder that cleantech is seen as the next big thing?

The Canadian cleantech story

Canada's highly skilled workforce, innovation clusters, research excellence and stable investment climate make it an ideal growth environment for cleantech firms.

A 2009 analysis by Cleantech Group LLC ranked Canada as a Top 10 cleantech country, based on government initiatives and programs, large investment mandate, entrepreneurial innovation and cultural/social drivers. Canada's main competitors on that list are Denmark, Germany, Sweden, the U.K., Israel, China, the UAE and the US.

It is estimated that Canada is already home to more than 700 cleantech companies, the majority of which are small and medium-sized enterprises, employing about 44,000. Of those, a full 80 percent export or invest abroad. Canadian cleantech firms are truly global from inception, a definite advantage when facing intense international competition for market share.

Canadian cleantech companies are innovation-focused, investing nearly \$2 billion in R&D between 2008 and 2010 alone. That figure gains even more significance when you consider that Canadian cleantech revenues were approximately \$9 billion, meaning that nearly a quarter of all revenues are directed towards the development of new solutions.

Canada currently has many development-stage companies, a good portion of which are now commercializing their technologies. Based on this pipeline of companies and current cleantech players, revenues are expected to reach \$18 billion in the next five years and jump to \$60 billion in the next 10, by which time the employment number could reach 125,000.

The markets that Export Development Canada (EDC) sees as most promising for cleantech are China, Southeast Asia, India, Central America and Mexico. China is already one of the world's largest importers and developers of cleantech solutions.

The Chinese government has two goals in mind for its massive investment in cleantech: mitigating its environmental degradation to improve the quality of life demanded by its growing middle class, and positioning the country at the forefront of a future strategic industry. On this matter, Canada and China are very well aligned.

Where Canada and China have mutual interests

With some of the most diverse natural resources on the planet, Canada is uniquely positioned to understand and relate to China's cleantech needs as they look to capitalize on their own resource plays. Canadian capability clusters, where technologies are developed within industries where Canada has a critical mass of experience, are also a natural fit for China's needs. With similar weather patterns, Canada's technologies will also be climate-ready for China.

A great example of this match is Canada's Great Lakes cluster. The cluster is comprised of water technology companies developing solutions for global water trends affecting municipal, industrial, agricultural, and commercial water users, with a focus on demand reduction, wastewater to product, wastewater re-use, infrastructure renewal, and desalination.

This cluster has the potential to match up with the water needs of Jiangxi, Hunan and Jiangsu provinces. China will be investing heavily in wastewater management, building new facilities and upgrading existing ones. China's wastewater output will reach 79 billion tons by 2015 (vs. 57.2 billion tons in 2009) due to rapid urbanization of these areas. Wuhan also has significant potential for wastewater treatment companies.

With China's ever-growing population and rise of its middle class, the demands placed on Chinese agriculture and foodstuff producers will intensify. Canada's agri-tech cluster is making important advances in the areas of nutrition enrichment, food safety, nutrient recovery from waste, feed enhancement, and fertilizer sustainability.

This Canadian cluster has an array of companies that could provide meaningful solutions for Chengdu, China's centre for food processing, where over \$10 billion in business is done annually. Chengdu has large companies in the beverage, dairy product, feedstock, meat, and tobacco sub-sectors. Other notable cities in this sector include Nanchang, Jiangxi, Tianjin, Zhangzhou, and Fujian.

Chinese cities with strengths in the solid waste treatment industry, include Ningbo and Harbin, and the industrial density of Chongqing should also provide opportunities for cleantech firms. Earlier this year, EDC announced that it would provide China Everbright Environmental Energy (CEEE) with financing for the development of a series of solid waste-to-energy plants with clean technologies.

In China overall, a combination of deregulation and the need for foreign expertise has created opportunities in the wind and solar power sectors. China is expected to have approximately 75GW of installed wind power capacity by 2020, and Inner Mongolia has strong potential for onshore wind power generation. China has increased its targets for solar capacity to 20GW by 2020, with solar station installations planned in Gansu, Inner Mongolia, Qinghai, Shaanxi and Xinjiang.

Challenges for cleantech

With all this potential, cleantech companies face many complex challenges. Market research suggests that gaps exist in the availability of loans and insurance that enable cleantech firms to move past the development stage and effectively penetrate global markets. For young companies, accessing such financial products can be among the biggest hurdles they face – even bigger when their technology has not been commercially proven.

The business of cleantech is similar to the IT sector, given the high level of technology associated with it, but clean technologies generally have longer lifecycles to market. Companies often need to build a plant, for example, making it much more capital-intensive than technology alone. As a result, venture or private equity firms have to wait much longer before they can cash out, an unappealing reality for many investors.

Fortunately, a number of players on the Canadian and international market have emerged that are well suited to the longer gestation period of cleantech. EDC, through its equity program, financing, bonding and insurance products, has made cleantech a sector of corporate priority.

Partnering internationally for mutual success

In so doing, EDC has undertaken a number of partnerships through which it hopes to extend its ability to promote Canadian expertise abroad, including:

EDC and IFC, a member of the World Bank Group, signed agreements to expand their partnership to support Canadian companies' investments in emerging markets. The agreements will focus on leveraging each other's strengths and capabilities

in emerging market projects and transactions, in addition to enhanced partnering in infrastructure and clean technology plays.

EDC signed an agreement with the China Development Bank Corporation (CDB) to identify projects between Chinese and Canadian companies that could be facilitated through partnered financing, and an area of priority was green technology.

EDC and Sustainable Development Technology Canada (SDTC) recently partnered to help bridge the gap between proven technology and commercial bankability. SDTC helps commercialize Canadian clean technologies, readying them for growth and export markets, and has a portfolio of companies under management valued at more than \$2 billion.

EDC invested in the XPV Water Fund, an equity fund geared towards water technology companies, and partnered with them to help provide financial solutions and matchmaking opportunities for the portfolio companies. These companies portend significant solutions for China's water challenges.

EDC is an investor with China Environment Fund 3, a Chinese cleantech fund, which provides EDC with a much better view of China's needs and how to increase collaboration between the Canadian industry.

The IFC and CDB partnerships will mean that Chinese companies can benefit from financing and commercial solutions for their cleantech initiatives when using or considering Canadian supply. To facilitate trade in cleantech between Canada and China, EDC has two permanent representations in China, located in Shanghai and Beijing. In 2011, 560 Canadian companies used EDC products and services to help undertake more than CAD 8.5 billion in trade with the Chinese market.

Why is cleantech a priority for EDC?

From China and Japan to Europe and the U.S., almost all major economies have prioritized the development of their respective cleantech industries, leading to an international race to achieve market-leading positions in key cleantech sub-sectors. And where Canadian companies are looking to compete internationally, EDC will be there to provide them with the financial tools and connections necessary to become world leaders.

Ultimately, however, there are no losers in the cleantech race, as technological advancements look to make the world a greener, cleaner and more efficient home for us all. ☺☺

加中清洁技术关系

我们经常会将清洁技术误认为是一个独立产业，但实际是，清洁技术作为一个概念性方法，跨越了所有主要产业和行业。

请考虑在石油行业中捕获和回收燃烧的天然气，电力行业的智能电网技术、水务行业的废水处理、航天领域普拉特惠特尼发动机的最新节能传动装置、建筑和基础设施领域的回收复合结构、农业领域的废物变肥料工艺以及汽车行业的电动车，这里只是列举了几个例子。

鉴于清洁技术在各行业中具有如此广泛的影响，估计目前一年的全球市场价值在 3 到 4 万亿美元之间也就毫不奇怪了。并且因为所涉领域的多元化，清洁技术在 2007 到 2009 年经济不景气的几年中表现出了超强的抗跌能力，这段期间的平均年收入增长为 45%。您还会惊讶清洁技术被看作是下一个热门事件吗？

加拿大清洁技术背景

加拿大拥有技艺精湛的劳动力、创新集群、卓越的研究和稳定的投

资环境，这些都让它成为清洁技术公司的理想成长环境。

Cleantech Group LLC 在 2009 年根据政府倡议和计划、大型投资委托授权、企业创新和文化/社会推动因素进行了一次分析，将加拿大列为前 10 大清洁技术国家。加拿大的主要竞争对手是丹麦、德国、瑞典、英国、以色列、中国、阿联酋和美国。

据估计，加拿大已经聚集了 700 多家清洁技术公司，大多数公司都是中小型企业，大约有 44,000 名员工。当然，80% 的业务为出口或海外投资。加拿大清洁技术公司从一开始就真正走向全球，从而在争夺市场份额的激烈国际竞争中占据了明显的优势。

加拿大清洁技术公司注重创新，单单在 2008 到 2010 年之间就已经在研发资金上投入了 20 亿美元。在考虑到加拿大清洁技术收入大约为 90 亿美元后，这一数字甚至更为突出，因为将总收入的将近四分之一投入到了新解决方案的开发中。

目前，加拿大有许多处于发展阶段的公司，相当一部分公司正在将其技术商业化。根据这样的公司规模和目前的清洁技术参与者，预计在接下来的五年中将达到 180 亿美元的收入，并在接下来的十年中跃升至 600 亿美元，届时员工雇佣人数可能会达到 125,000。

EDC 认为最有前景的清洁技术市场是中国、中南亚、印度、中美洲和墨西哥。中国已经是全世界最大的清洁技术解决方案进口国和开发国之一。

中国政府在清洁技术领域进行大规模投资的目标有两个：减轻其环境退化以提高不断壮大的中产阶级所要求的生活质量，将中国推向未来战略产业的最前沿。就此而言，加拿大和中国的想法是非常一致的。

加拿大和中国在哪些方面具有共同利益

由于拥有地球上最多样化的自然资源，加拿大独一无二地定位在可了解中国的清洁技术需求并发展与中国的联系上，因为他们希望能够利用自己的资源投资。加拿大的各功能集群在加拿大具有大量经验的行业中开发出许多技术，这些集群自然而然也适合中国的需求。因为天气模式相似，加拿大的技术也适合中国的气候变化。

这种相符状况的一个绝佳实例便是加拿大的五大湖集群。该集群由水技术公司组成，它们为影响市政、工业、农业和商业用水用户的全球水务趋势开发解决方案，并且关注减少需求、废水变产品、废水再利用、基础设施更新换代和海水淡化。

该集群具有匹配江西、湖南和江苏省水需求的潜力。中国将大力投资废水管理、建立新设施和升级现有设施。由于这些城市的迅速城市化，到 2015 年，中国的废水排量将达到 790 亿吨，而 2009 年为 572 亿吨。武汉对废水处理公司的潜在需求也非常巨大。

随着中国人口不断增长和中产阶级的壮大，对中国农业和食品生产商的要求将日益加剧。加拿大的农业技术集群在营养强化、安全食品、从废物中提取养分、饲料调味剂和肥料可持续性领域取得了重大的进步。

该加拿大集群有一些公司可以为中国的食品加工中心成都（每年的业务量超过 100 亿美元）提供有意义的解决方案。成都的饮料、乳制品、原料、肉类和烟草子行业都有大型公司。此行业的其他知名城市包括南昌、江西、天津、漳州、福建。

在固体废物处理行业中具有实力的中国城市，包括宁波和哈尔滨，以及工业密集地重庆也应该会为清洁技术公司提供机会。今年早些时候，EDC 宣布它已向中国光大环保能源（CEEE）提供融资，用于开发一系列使用清洁技术的固体废物发电厂。

在整个中国，放松管制和对外国专长的需求相结合，为风能和太阳能领域创造了机会。预计到 2020 年，中国的风能装机发电能力大约将达到 75GW，并且内蒙古具有巨大的路上风能发电潜力。中国已经将其太阳能发电容量的目标增加到截至 2020 年达到 20GW，计划在甘肃、内蒙古、青海、陕西和新疆安装太阳能电站。

清洁技术所面临的挑战

考虑到所有这些潜能，清洁公司面临着许多复杂的挑战。市场研究表明，在获得可让清洁技术公司越过发展阶段并有效渗入到全球市场的贷款和保险方面存在着差距。对于年轻公司，能否获得金融产品的支持可能是他们所面临的最大障碍之一，而当他们的技术在商业上证明可行时，这一障碍甚至会变得更大。

清洁技术业务与 IT 产业相似，都有相关的高技术层次，但是清洁技术推向市场的生命周期会更长。例如，公司通常需要建厂，以便让它更加资金密集，而不仅仅是技术。这样，风险公司或私募股权公司在产生收益之前要等待更长的时间，这是不能吸引许多投资者的一个不利方面。

幸运的是，加拿大和国际市场涌现的许多参与者都非常适合清洁技术较长的孕育期。EDC 通过其股权计划、融资、债券和保险产品，已经让清洁技术成为公司的首选领域。

国际合作，共同成功

这样做的时候，EDC 已经达成了许多合作关系，希望通过它来延伸其能力，以便在海外推广加拿大的专业技能，这些合作包括：

- EDC 和 IFC（世界银行集团的成员）签署了扩大其合作关系的协议，以支持加拿大公司在新兴市场的投资。除了在基础设施和清洁技术投资方面加强合作外，这些协议还注重在新兴市场项目和交易中利用彼此的优势和功能。
- EDC 与中国国家开发银行（CDB）签署了一份协议，以便在中国和加拿大公司之间发现可通过合伙融资来促进发展的项目，绿色技术领域优先。
- EDC 和加拿大可持续发展技术组织（SDTC）最近结成合作关系，以帮助在成熟技术和商业盈利性之间架起桥梁。SDTC 帮助加拿大清洁技术商业化，让它们得以发展和进入出口市场，该组织管理的公司组合价值超出 20 亿美元。
- EDC 投资到 XPV 水基金（一支面向水技术公司的股票基金）并与它们建立合作关系，以帮助为投资组合公司提供金融解决方案和牵引线机会。这些公司预计将为中国的用水问题提供重要解决方案。
- EDC 是一个拥有中国环境基金三期的投资公司，该基金是一支中国清洁技术基金，为 EDC 提供关于中国需求和如何增加加拿大行业之间合作的更好视野。

与 IFC 和 CDB 合作意味着，中国公司如果使用或考虑使用加拿大供应，其清洁技术项目将可受益于融资和商业解决方案。为了推动加拿大和中国之间的清洁技术贸易，EDC 向中国派出了两名常驻代表，分为驻北京和上海。2011 年，560 个加拿大公司使用 EDC 产品和服务，与中国市场的贸易额达到 85 亿多加元。

为什么清洁技术成为 EDC 的优选项目？

从中国和日本到欧洲和美国，几乎所有的主要经济体都将各自的清洁技术行业放在优先发展的地位，从而引发了在关键清洁技术领域获得市场领先地位的国际性竞赛。加拿大公司正在展开国际竞争，EDC 将为这些公司提供成为世界领导者所需的金融工具和关系。

但从长远来看，在清洁技术竞赛中没有输家，因为对我们大家来

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China's Transition to a Low-Carbon Society: Impacts on Business

by/par STEPHANIE JENSEN-CORMIER

Transition de la Chine vers une société sobre en carbone : Impacts sur les entreprises

China's Development Plan for Emerging New Energy Industry indicates that as much as USD 770 billion will be invested in the new energy-related sectors between 2011 and 2020.



HINA IS SECURING ITS

economic sustainability by transitioning towards a low-carbon and energy efficient society. Watchers of the global economy will recognize that the Chinese economy is projected to become the world's largest in 2020¹, and by 2030 will likely account for 20 percent of global GDP.²

The February 2012 "Canada-China Foreign Investment Promotion and Protection Agreement" provides for a more stable and secure environment for investors from both countries.³ However, to profit from business opportunities in China, Canadian investors and entrepreneurs need to understand the priorities and approaches of the Chinese Communist Party (CCP). The CCP governs the country, regulates the economy and wields great influence over the Chinese business world. Foreigners developing business ventures in China will likely collaborate with some of the 73 million members representing the CCP. Change in leadership, expected in late 2012, will not alter the continuity of policy towards a low-carbon economy. As such, this introduction to Chinese environmental policy outlines some of the legislation and financial stimuli which China is using as it moves towards a greener economy.

Historical Overview of Environmentalism in China

In traditional Chinese philosophy wise leadership was predicated upon achieving a balance between humans and nature, 'harmony between heaven and humankind' (天人合一).⁴ Moderation and adaptation ensured that the environment was protected and treated in a sustainable manner.⁵ In the mid-1900s, MAO Zedong introduced a radical shift in attitude by proclaiming that 'man must conquer nature' (人定胜天). Natural resources were managed

in a way that precipitated devastating environmental consequences.⁶

Beginning in the 1970s, the CCP decided to "institutionalise environmental protection"⁷ through the implementation of laws, creation of agents and bureaux, and ratification of international environmental treaties.⁸ In 1973, the first National Conference on Environmental Protection (NCEP) introduced the concept of 'harmonious development' (和谐发展) to national policy discourse.⁹ Today, 'harmonious development' remains a key determinant of Chinese political considerations and has impacts beyond environmental issues. In 1998 the Chinese government upgraded the State Environmental Protection Agency (SEPA) to the ministerial level, renaming it the Ministry of Environmental Protection (MEP). This upgrade allows the MEP to operate directly under the State Council and gives it more control to oversee decisions.

The national framework and policies on sustainable development

Today, environmental protection is embedded in the Chinese national framework, most notably through the Medium and Long Term Development Plan and the shorter-term Twelfth Five-Year Plan (12th FYP), effective from 2011 until 2015.

The 12th FYP stipulates the following:

- Environmental targets account for 33.3 percent of the total targets in the 12th FYP, up from 27.2 percent in the 11th FYP.
- The environmental protection industry is expected to continue to grow 15-20% per year. Output of the sector is expected to reach USD 743 billion by 2015 up from USD 166 billion in 2010.

- Key economic sectors being greened: waste recycling/re-utilization; clean technologies; renewable energy.
- Sets out a carrot and stick approach which reforms resource pricing and establishes a system of payment for environmental services.
- Emerging industries expected to account for 15% of the economy (up from 3% during the previous FYP) include: energy saving and environmental protection; information technology; biotechnology; high-end manufacturing (aeronautics, high speed rail); new energy (nuclear, solar, wind, biomass); new materials (special and high performance composites); clean energy vehicles (plug-in hybrids and electric cars).
- The proportion of renewable energy consumed is expected to grow from the current 8% up to 11.4% by 2015 and CO2 emissions are expected to decrease by 17% by accelerating the deployment of hydropower, wind power, solar energy, nuclear and biomass energy.

Legislation

Modern Chinese law is considered to have begun in 1979. While environmental law is one of the most active areas of Chinese legislation, the legislative system is still considered relatively inefficient and in need of stronger enforcement.¹⁰ Laws that promote sustainable development and affect entrepreneurs include:

- Climate Change Law, to be adopted in 2014: Government will assist Chinese domestic companies in their promotion of Clean Development Mechanism projects. It also includes possible provisions for a national emissions trading scheme¹¹ and for the introduction of a carbon tax.

- Renewable Energy Law, amended 2010: Promotes the development and utilization of renewable energy, improves the energy structure, diversifies energy supplies and safeguards energy security.
- Clean Production Law, 2003: This law applies to agriculture, construction, mining, manufacturing and service providers including hotels and entertainment venues. It calls for businesses to improve design and management; use clean energy and raw materials; implement advanced technologies and equipment; and recycle or reuse waste products, water and heat.
- Energy Conservation Law, 1998: Covers the promotion of energy conservation and efficiency, and of productivity in industry under a more market-oriented economic system.
- Environmental Protection Law, 1989: China's first environmental protection law requires the state to adopt economic and technological policies favourable to environmental protection. It allows anyone to file charges against units and individuals that cause damage to or pollute the environment and awards those who have made outstanding contributions to improving the environment. Allows for provinces and autonomous regions to devise their own standards for the discharge of pollutants. Enterprises

that pollute must report to relevant authorities and pay relevant fees if amounts are surpassed.

Investments, economic and financial incentives

Since China's 2009 green stimulus of USD 218 billion (the largest in the world), China has continued to lead in green technology investment in Asia. In August 2012, the China State Council announced that USD 372 billion would be put into energy conservation projects and anti-pollution measures over the next three-and-a-half years.¹² The Chinese government uses a wide variety of market-based instruments to encourage the development and promotion of new green technologies, businesses and products. The National Development and Reform Council (NDRC) estimates that there is a potential market size of between USD 500 billion and USD 1 trillion per year for green technologies. The NDRC also anticipates that for every USD 100 billion in green investments, GDP in China would grow by USD 143 billion and household consumption by USD 60 billion.¹³

Subsidies and investments by the CCP:

- The Chinese government will continue to subsidize 50-70% of the cost of large solar-power projects

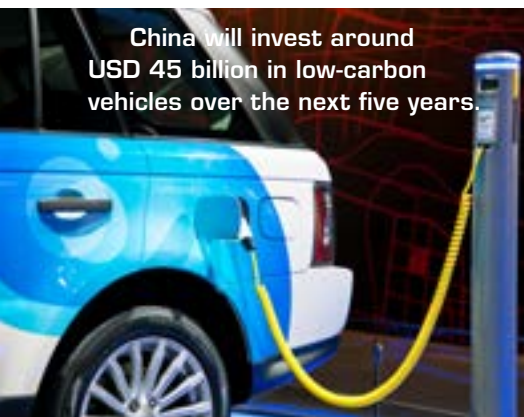
until 2015.¹⁴ Such incentives have contributed to the emergence of China as the largest solar panel producer in the world.

- China will invest around USD 45 billion in low-carbon vehicles over the next five years.¹⁵
- A tax on natural resources piloted in 2010, will soon apply to coal and extend from Xinjiang province to the entire nation.
- Cap and trade scheme is under discussion.
- Leading Chinese power companies have piloted GHG emission measurement and reporting in preparation for future plans.
- China's Development Plan for Emerging New Energy Industry indicates that as much as USD 770 billion will be invested in the new energy-related sectors between 2011 and 2020.
- USD 468 billion will be invested in greening key economic sectors (waste recycling/re-utilization; clean technologies; renewable energy) compared to USD 211 billion over the previous five years.
- China's environmental protection industry is expected to continue to grow at an average of 15-20% per year. Output of the sector is expected to reach USD 743 billion during the 12th FYP.

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19. For instance, though China has the largest market for wind power and solar heating, it still lags behind in cutting-edge renewable energy technologies. China spent US\$ 0.13 billion in R&D for renewable technology, while America and Europe invested US\$1.5 billion and US\$1.2 billion respectively. (UNEP publication, *China Going Green?* p.45 UNEP)

- “Green credit policy” promoting banks’ green lending, “green securities” regulating environmental audits in financing and refinancing, “green insurance” for businesses have been around since 2007 and will continue.¹⁶

While there are opportunities for investment in the renewable energy and cleantech sectors, greater restrictions on energy usage per industry are expected to continue. The State Council affirmed in August 2012 that over the next five years, steel producers must reduce their



China will invest around USD 45 billion in low-carbon vehicles over the next five years.

energy use per unit of production by 25%, coal-fired power plants by 8% and cement manufacturers by 3%.¹⁷

Conclusion

China’s determined economic restructuring towards a low-carbon society requires the adoption of progressive environmental policies and practises. It fundamentally changes opportunities for investments and collaboration between Chinese and Canadian entrepreneurs. Wang Zhongyu, the Chairman of the Chinese Enterprise Confederation, agrees that Chinese enterprises have been “proactive and creative in orienting their transformation and upgrading to sustainable development (and have) played a crucial role in accomplishing the overall targets for energy conservation and emissions reduction.”¹⁸

The Chinese government and entrepreneurs realize that they need to cooperate with others in order to innovate with respect to sustainable production and consumption practices. China understands that it must

collaborate in R&D with countries and businesses that lead in green and low-carbon technologies.¹⁹ China is well placed to collaborate with countries that lead in these practices, as it is the biggest or second biggest ranking trading partner for 78 countries.

The CCP has made sustained efforts since the 1970s and especially in the past three years to create durable institutions, laws and financial incentives that promote low-carbon development. By understanding the Chinese framework promoting lower-carbon development and green technologies, Canadian entrepreneurs can collaborate in sectors that are well positioned to receive support from the CCP. ☺☺

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LA CHINE CHERCHE À GARANTIR sa durabilité économique en effectuant la transition vers une société sobre sa carbone et économe en énergie. Les observateurs de l’économie mondiale reconnaîtront que l’économie chinoise devrait devenir la plus importante au monde en 2020¹, et qu’en 2030, elle devrait représenter probablement 20 pour cent du PIB mondial.²

L’« Accord sur la promotion et la protection des investissements étrangers entre le Canada et la Chine » de février 2012 assure un environnement plus stable et plus sûr pour les investisseurs des deux pays.³ A fin de profiter des occasions d’affaires en Chine, les investisseurs et les entrepreneurs canadiens doivent comprendre les priorités et les approches du Parti communiste chinois (PCC). Le PCC dirige le pays, règle l’économie et exerce une grande influence sur le monde des affaires chinois. Les étrangers qui développent des entreprises commerciales en Chine devront probablement collaborer avec quelques-uns des 73 millions de

membres représentant le PCC. Le changement de direction, prévu en décembre 2012, ne modifiera pas la continuité de la politique vers une économie à faible émission de carbone. À ce titre, cette introduction à la politique environnementale chinoise présente quelques-unes des lois et des stimulus financiers que la Chine utilise alors qu’elle passe à une économie plus écologique.

Aperçu historique de l’environnementalisme en Chine

En philosophie traditionnelle chinoise, une direction sage était fondée sur la réalisation d’un équilibre entre l’homme et la nature, « l’harmonie entre le ciel et l’humanité » (天人合一).⁴ La modération et l’adaptation ont veillé à ce que l’environnement soit protégé et traité d’une manière durable.⁵ À la mi-1900, Mao Tse Tung a lancé un changement radical d’attitude en proclamant que « l’homme doit conquérir la nature » (人定胜天). Les ressources naturelles étaient gérées de manière à précipiter

des conséquences dévastatrices sur l’environnement.⁶

Au début des années 1970, le PCC a décidé d’« institutionnaliser la protection de l’environnement »⁷ par le déploiement de lois, la création d’agents et de bureaux, ainsi que la ratification de traités internationaux sur l’environnement.⁸ En 1973, la première Conférence nationale sur la protection environnementale (CNPE) a introduit le concept de « développement harmonieux » (和谐发展) au discours politique national.⁹ Aujourd’hui, le « développement harmonieux » demeure un déterminant clé des considérations politiques de la Chine et a des répercussions au-delà des questions environnementales. En 1998, le gouvernement chinois a rehaussé l’Agence d’État de protection de l’environnement (AEPE) au niveau ministériel, pour la renommer Ministère de la protection de l’environnement (MPE). Cette mise à niveau permet au MPE de fonctionner directement sous l’égide du Conseil d’État et lui donne plus de contrôle pour surveiller les décisions.

Le cadre et les politiques nationales sur le développement durable

Aujourd'hui, la protection de l'environnement est intégrée dans le cadre national chinois, notamment par l'entremise du plan de développement à moyen et à long terme et du douzième plan quinquennal (12e plan quinquennal), en vigueur de 2011 jusqu'en 2015. Le 12^e plan quinquennal prévoit ce qui suit :

- Les cibles environnementales comprennent 33,3 pour cent des cibles totales du 12e plan quinquennal, soit une hausse de 27,2 pour cent depuis le 11e plan quinquennal.
- L'industrie de la protection de l'environnement devrait continuer à croître de 15 à 20 % par an. La production du secteur devrait atteindre 743 milliards \$ US en 2015 par rapport à 166 milliards \$ US en 2010.
- Principaux secteurs économiques reverdis : recyclage et réutilisation des déchets; technologies propres; énergie renouvelable.
- Une approche de la carotte et du bâton qui réforme la tarification des ressources et établit un système de paiement pour les services environnementaux.
- Les industries émergentes, qui devraient représenter 15 % de l'économie (en hausse de 3 % par rapport au plan quinquennal précédent), comprennent : économies d'énergie et protection de l'environnement; technologies de l'information; biotechnologie; fabrication de produits haut de gamme (aéronautique, ferroviaire à grande vitesse); nouvelle énergie (nucléaire, solaire, éolienne, biomasse); nouveaux matériaux (composites spéciaux et à haute performance); véhicules à énergie propre (voitures hybrides et électriques).
- La proportion d'énergie renouvelable consommée devrait croître du 8 % actuel et atteindre 11,4 % en 2015, et les émissions de CO₂ devraient diminuer de 17 % en accélérant le déploiement de l'énergie hydraulique, éolienne, solaire, nucléaire et de la biomasse.

Législation

Le droit moderne chinois est considéré comme ayant commencé en 1979.

Alors que le droit de l'environnement est l'un des domaines les plus actifs de la législation chinoise, le système législatif est encore considéré comme relativement inefficace et a besoin d'une application plus rigoureuse.¹⁰ Les lois qui favorisent le développement durable et qui touchent les entrepreneurs comprennent :

- La Loi sur les changements climatiques sera adoptée en 2014 : Le gouvernement aidera les entreprises chinoises nationales dans leur promotion de projets du Mécanisme de développement écologique. Il comprend également des dispositions possibles visant un système national d'échange des émissions¹¹ et l'introduction d'une taxe sur le carbone.
- Loi sur l'énergie renouvelable, modifiée en 2010 : Elle favorise le développement et l'utilisation des énergies renouvelables, améliore la structure énergétique, diversifie l'approvisionnement en énergie et assure la sécurité énergétique.
- Loi sur la production propre, 2003 : Cette loi s'applique aux domaines de l'agriculture, de la construction, de l'exploitation minière, de la fabrication et des services, incluant les hôtels et les lieux de divertissement. Elle demande aux entreprises d'améliorer leur conception et leur gestion; d'utiliser de l'énergie propre et des matières premières; de mettre en œuvre des technologies et du matériel de pointe; et de recycler ou réutiliser les déchets, l'eau et la chaleur.
- Loi sur la conservation de l'énergie, 1998 : Elle couvre la promotion de la conservation, de l'efficacité et de la productivité de l'énergie des secteurs industriels plus centrés sur un système économique axé sur le marché.
- Loi sur la protection de l'environnement, 1989 : La première loi chinoise sur la protection de l'environnement impose à l'État d'adopter des politiques économiques et technologiques favorables à la protection de l'environnement. Elle permet à toute personne de déposer des accusations contre les unités et les individus qui causent des dommages ou qui polluent l'environnement et récompense ceux qui ont apporté une contribu-

tion exceptionnelle à l'amélioration de l'environnement. Elle permet aux provinces et aux régions autonomes de mettre au point leurs propres normes sur les rejets de polluants. Les entreprises qui polluent doivent se signaler aux autorités compétentes et payer les frais applicables si les montants sont dépassés.

Investissements et incitations économiques et financières

Depuis la relance verte de la Chine en 2009 totalisant 218 milliards \$ US (la plus importante au monde), la Chine a continué à mener les investissements en technologie verte en Asie. En août 2012, le Conseil d'État de la Chine a annoncé que 372 milliards \$ US seraient investis dans des projets de conservation de l'énergie et des mesures antipollution au cours des prochaines trois ans et demi.¹² Le gouvernement chinois utilise une vaste gamme d'instruments de marché pour encourager le développement et la promotion des nouvelles technologies, d'entreprises et de produits écologiques. Le Conseil national de développement et de réforme (CNDR) estime qu'il existe un marché potentiel de 500 milliards \$ US et 1 billion \$ US par an pour les technologies vertes. Le CNDR prévoit également que pour chaque tranche 100 milliards \$ US en investissements écologiques, le PIB de la Chine devrait augmenter de 143 milliards \$ US et la consommation des ménages devrait augmenter de 60 milliards \$ US.¹³

Subventions et investissements du PCC :

- Le gouvernement chinois continuera à subventionner 50 à 70 % du coût des grands projets d'énergie solaire d'ici à 2015.¹⁴ Ces incitatifs ont contribué à l'émergence de la Chine comme le plus grand producteur de panneaux solaires dans le monde.
- La Chine va investir environ 45 milliards \$ US en véhicules à faible émission de carbone au cours des cinq prochaines années.¹⁵
- Un projet pilote de taxe sur les ressources naturelles en 2010 s'appliquera bientôt au charbon et s'étendra de la province du Xinjiang à la nation entière.
- Un programme de plafonnement et d'échange est en cours de discussion.

- Les principales compagnies d'énergie chinoises ont mis à l'essai des mesures et rapports sur les émissions de GES pour l'avenir.
- Le plan de développement de la Chine pour l'industrie des nouvelles énergies indique que près de 770 milliards \$ US seront investis dans les nouveaux secteurs liés à l'énergie entre 2011 et 2020.
- 468 milliards \$ US seront investis dans l'écologisation des secteurs économiques clés (recyclage et réutilisation des déchets; technologies propres; énergies renouvelables) par rapport à 211 milliards \$ US au cours des cinq années précédentes.
- L'industrie chinoise de protection de l'environnement devrait continuer à croître de 15 à 20 % par an en moyenne. Le secteur devrait atteindre 743 milliards \$ US au cours du 12e plan quinquennal.
- « La politique de crédit vert » pour encourager les prêts bancaires écologiques, les « valeurs mobilières vertes » pour la réglementation des audits environnementaux pour le financement et le refinancement, l'« assurance écologique » pour les entreprises qui sont dans les affaires depuis 2007 et qui poursuivent leurs activités.¹⁶

Bien qu'il existe des possibilités d'investissement dans les secteurs de l'énergie renouvelable et des technologies propres, davantage de restrictions sur l'utilisation de l'énergie par industrie devraient être mises en œuvre. Le Conseil d'État a affirmé en août 2012 qu'au cours des cinq prochaines années, les producteurs d'acier devront réduire leur consommation d'énergie de 25 % par unité de production, les centrales au charbon de 8 % et les fabricants de ciment de 3 %.¹⁷

Conclusion

La restructuration économique déterminée de la Chine vers une société sobre en carbone exige l'adoption de politiques et de pratiques progressistes en matière d'environnement. Elle change fondamentalement les possibilités d'investissements et la collaboration entre les entrepreneurs chinois et canadiens. Wang Zhongyu, président de la Confédération des entreprises chinoises est d'accord que les entreprises chinoises ont été « dynamiques et créatives pour orienter leur transformation et leur mise à niveau vers le développement durable (et ont) joué un rôle crucial dans la réalisation des objectifs généraux de conservation de l'énergie et de réduction des émissions. »¹⁸

Le gouvernement chinois et les entrepreneurs savent qu'ils doivent coopérer avec des tiers pour innover en

matière de pratiques de production et de consommation durables. La Chine comprend qu'elle doit collaborer en R et D avec les pays et les entreprises qui mènent dans les technologies écologiques et à faible émission de carbone.¹⁹ La Chine est bien placée pour collaborer avec les pays qui mènent dans ces pratiques, car elle est le plus grand ou le deuxième plus grand partenaire commercial de 78 pays.

Le PCC a déployé des efforts soutenus depuis les années 1970 et surtout au cours des trois dernières années pour créer des institutions durables, des lois et des incitatifs financiers qui encouragent un développement sobre en carbone. En comprenant le cadre chinois faisant la promotion du développement plus sobre en carbone et des technologies écologiques, les entrepreneurs canadiens peuvent collaborer dans des secteurs qui sont bien placés pour bénéficier du soutien du PCC. ☺☺

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This article outlines some essential marketing strategies to successfully sell your products or services to consumers in the China markets.

Planning Your Product Marketing Strategy in China

By/par CHIA-YI TUNG, PRESIDENT AND FOUNDER, ORCHIMEDIA

Market Overview

Featuring the world's largest auto market, the most avid luxury product buyers, and rapidly growing middle and upper-classes, China is indeed a rare market and offers tremendous growth potential and opportunity. However, it could be fatal for North American businesses to think that Chinese simply follow in the footsteps of Westerners. A more culturally-savvy approach should be adopted when analyzing Chinese consumers, who are deeply influenced by the continuous pull of cultural and historical discourses.

Who are the Modern Chinese? Defining of a Specific Market Segment

Higher education, disposable income, and fast-growing online communities are all factors that have helped nurture a large pool of sophisticated Chinese buyers. These customers are mostly young professionals, entrepreneurs or the offspring of wealthy families. When compared to their peers in mature markets, these urbanites are relatively young, a direct consequence of China's tremendous growth since the economic reforms of the early 1980s, and they are much less financially conservative than their parents. However, their spending behavior has been greatly influenced by their own micro experiences vis-à-vis their country's global development, a fact that renders these customers and their spending patterns inherently different from their North American counterparts.

Expanding Smartly: On the Capital Importance of Planning Ahead

Exporting to China without careful planning could be compared to walking

in the dark. Before your expansion to China, it is important to "light a torch" by gaining customer-oriented insights, a capital step which could help an enterprise to more smartly package its brand and its ultimate appeal for the Middle Kingdom's customers.

Understanding your Target Market

To understand your target market, you must take into account many factors, from customer preferences to buyer behavior.

Bear in mind that a product that is well received in North America will not necessarily find guaranteed success in China. When you say: "We have the best product," do you actually mean: "We are recognized in North America so we can also be recognized in China"? Right, you have worked hard to improve product and build your brand over the years and it works HERE. Think about the million-dollar lesson that Home Depot finally learnt: The American way did not work out. Chinese customers prefer "Hire-someone-to-do-it-for-me" rather than "Do-it-yourself"; this stands as a bitter example reflecting the consequences of ignoring the subtleties of a different market and its unique habits. And it ultimately leads to an ignorant approach, as not recognizing the importance of culturally adapting an offering to its local reality and needs can prove fatal for any endeavour.

Also, it would be a faux pas to consider China as a homogenous market. Just like Europe, the Middle Kingdom features many sub-markets, separated within clear boundaries of habits. The question then becomes: is your product or service targeting buyers in first-tier, affluent cities, lower-tier cities or online

consumers? A well-defined target market saves you time and money, whilst helping you focus on constantly improving product and service to respond to your real buyers' needs.

The Know-Your-Client rule always holds true, and this is especially relevant for a country as complex as China. Conducting salient, culturally sensitive research won't necessarily cost you much time or money, but it will help you to grasp the target market's needs, preferences, and behavior so that you can adjust and adapt your North-American branded product package, and make it equally prosperous in China!

Branding— the Cornerstone of your Marketing Planning

After adapting your offering according to the specific character of a target market, it's now time to think about how to package your brand.

Contrary to the traditional misconception, Chinese consumers are highly brand conscious. Imbibed by Confucianism for more than 2500 years, Chinese people have a conflicting desire for fitting in and standing out. Combined with today's safety issues in many consumer products, they also strive for quality and security. What can satisfy these needs? Formulate a unique brand experience that directly speaks to them. Local brands can hardly seduce today's sophisticated consumers, who perceive them as lacking in both quality and social aspiration. Accordingly, consumers turn to foreign brands, from which they can enjoy the associated quality, safety, service and social status that comes with the expertise these brands have developed in their local markets. The key to success here lies in cleverly finding a way to appeal to

Chinese consumers' heart and longing for quality and social recognition, to convey a consistent brand message, and to create a unique experience in every point of contact.

It's important to adapt your brand name. Neglecting to adapt it or simply translating it could prove to be one of the biggest mistakes you could make in your China strategy. For example, Best Buy is suffering with its Chinese name “百思买” (A name that roughly translates to “think hundred times before you buy”). Walmart, in spite of being the world leader in retail, was not able to compete with its French counterpart, Carrefour, who understood the discursive power of a branding upon its landing in China, and knew that attaching much importance to cultural adaptation and interpretation of its brand was crucial to its global strategy in the Middle Kingdom. Carrefour now enjoys the great success of its branding strategy specifically developed for China: « 家乐福 » (Family with happiness).

A good brand name stands as the cornerstone of your business; indeed, it should be its heart and soul. This powerful vehicle can carry your brand from market entry to subsequent daily business activities. Creating an impactful image with a pertinent Chinese brand name can have major repercussions for your product offerings, and can serve as a potent inspiration

for customers who will be impressed by your cultural sensibility to their reality and aspirations as consumers. Intelligent thinking and long-term hard work will deliver many happy customers.

Conclusion

Despite the depth and breadth of the Chinese markets, they certainly are accessible for Canadian SMEs with limited capital and manpower, on the condition that entrepreneurs take both strategic and psychological approaches to expand their brand, products and services on a step-by-step, gradual basis. I propose three key steps that can help you cross the Great Wall and stand out from your global competition:

Understand the culture of your target market(s) to unlock misconceptions or mysteries that one might have not even noticed;

Formulate your product offering and brand strategy for China, to bring out your unique selling point and connect with potential consumers. Make sure that you can control brand consistency through every point of contact and that your distributors are constantly updated and on the same page as you.

Keep listening and developing relationships with customers, and adapt continuously with a global vision and a local strategy adjusted to both patterns of behavior and cultural relevance. ☺☺

Cet article décrit certaines stratégies de marketing essentielles pour réussir à vendre vos produits ou vos services aux consommateurs des marchés chinois.

Planifier la stratégie du marketing de vos produits en Chine

Aperçu Du Marché

Avec le plus grand marché mondial de l'automobile, les acheteurs les plus avides de produits de luxe, et des classes moyennes et supérieures en pleine croissance, la Chine est en effet un marché rare qui offre un énorme

potentiel de croissance et d'occasion. Toutefois, il pourrait être néfaste pour les entreprises nord-américaines de penser que les Chinois suivent simplement les pas des Occidentaux. Une approche plus perspicace culturellement devrait être adoptée lors de l'analyse des



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餐廳

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雲吞麵食

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麵粉
茶餐廳

WATERPOWER SALON

貴軒

臘燒發

餐廳

泰和
正宗



特式小炒

晚飯



consommateurs chinois, qui sont profondément influencés par la traction continue des discours culturels et historiques.

Qui Sont Les Chinois Modernes? Définition D'un Segment De Marché Spécifique

L'enseignement supérieur, le revenu disponible et la croissance rapide des communautés en ligne sont autant de facteurs qui ont contribué à générer un grand nombre d'acheteurs chinois bien avertis. Ces clients sont principalement de jeunes professionnels, des entrepreneurs et des descendants de familles riches. Par rapport à leurs homologues dans les pays en pleine maturité, ces citoyens sont relativement jeunes, une conséquence directe de la croissance phénoménale de la Chine depuis les réformes économiques des années 1980, et ils sont beaucoup moins financièrement prudents que leurs parents. Cependant, leur comportement en matière de dépense a été grandement influencé par leurs expériences individuelles par rapport au développement de leur pays à l'échelle mondiale, ce qui rend ces clients et la nature de leurs habitudes de dépenses différents de leurs homologues nord-américains.

Expansion Éclairée : L'importance Capitale De La Planification

Exporter vers la Chine sans planification minutieuse pourrait se comparer à marcher dans l'obscurité. Avant d'entreprendre votre expansion en Chine, il est important d'« y voir clair » en obtenant des connaissances éclairées sur la clientèle, une étape cruciale qui pourrait aider une entreprise à présenter sa marque et son ultime attrait plus intelligemment aux yeux des clients de l'Empire du Milieu.

Comprendre votre marché cible

Pour comprendre votre marché cible, vous devez tenir compte de nombreux facteurs, allant des préférences des clients au comportement des acheteurs.

Gardez à l'esprit qu'un produit qui est bien accueilli en Amérique du Nord n'obtiendra pas nécessairement un succès garanti en Chine. Quand vous dites que : « Nous avons le meilleur produit ». Voulez-vous dire que : « Nous sommes

We have been doing business with China since 1818

About BMO Financial Group

Established in 1817 as Bank of Montreal, BMO Financial Group (TSX, NYSE: BMO) is a highly diversified financial services organization. With total assets of CDN\$542 billion as of July 31, 2012, and more than 46,000 employees, BMO provides a broad range of retail banking, wealth management and investment banking products and solutions to over 12 million clients in North America and internationally. BMO operates globally in major financial markets and trading areas through offices in Canada, the United States and 23 other jurisdictions. BMO has nearly 1,600 branches in Canada and the United States, which makes BMO the second-largest Canadian bank by retail branches in Canada and the U.S. BMO is also a top ten North American bank as measured by market capitalization and assets.

Our Vision

To be the bank that defines great customer experience.

Your China Connection for Financial Services

China is an important market for BMO outside of North America. BMO has been building relationships in China for almost as long as the bank has been in business. BMO's presence in Greater China is unmatched by its peers. In October 2010, BMO officially opened its new incorporated subsidiary, Bank of Montreal (China) Co. Ltd. With local incorporation, BMO joins a limited number of foreign banks in offering a broad range of financial services to its customers.

With branches in Beijing, Shanghai, Guangzhou and Hong Kong, an investment banking representative office in Beijing, a representative office in Taipei, and equity interests in Fullgoal Fund Management Co. Ltd. and COFCO Trust Co., as well as acquisitions of asset management and private wealth management businesses in Hong Kong and Singapore, BMO Financial Group is well positioned to serve the interests of its North American clients in China, along with Chinese companies and high-net-worth individuals who wish to invest and/or do business in North America.

We offer (some products/services are also offered in RMB):

- Full trade finance services
- Corporate banking
- Treasury and corporate accounts services
- Investment banking advisory services
- Capital markets products such as foreign exchange, derivatives, money markets and financial products
- Immigration banking services
- Asset/wealth management services
- Private banking services

To learn more about BMO Financial Group, please contact:

Sharon Haward-Laird, Toronto, (416) 867-6656

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BMO's History in China

1818 BMO undertakes the first foreign exchange transaction in support of trade with China

1983 BMO opens its first representative office in the People's Republic of China

1996 BMO becomes the first Canadian bank licensed to operate a full-service branch in Beijing

2002 BMO becomes the first Canadian bank to participate as a market maker in China's foreign exchange market

2003 BMO becomes the first foreign bank to acquire an equity interest in a Chinese mutual fund company – 16.7% stake in Fullgoal Fund Management Co. Ltd., one of China's leading funds management companies, based in Shanghai. A year later, BMO increased its equity interest to 28%

2004 BMO becomes the first Canadian bank to be granted a licence to sell derivatives in China by the China Banking Regulatory Commission

2005 BMO ranked #1 trader of RMB among all foreign banks in China

2006 BMO becomes the first Canadian bank to open an investment banking representative office in China

2006 BMO is one of the few foreign banks (and the only Canadian bank) to take a co-lead or co-manager role in the initial public offerings of all five of China's big banks, including the Bank of China, China Merchants Bank, the Industrial & Commercial Bank of China, CITIC Bank and the Agricultural Bank of China

2007 BMO is named The Most Popular Market Maker (voted by 300+ banks and non-bank financial institutions) and The Best Non-USD Market Maker by CFETS and receives such awards for five consecutive years

2010 BMO receives approval from the China Banking Regulatory Commission to become the first and only Canadian bank to incorporate a wholly-owned subsidiary in China

2011 BMO acquires Lloyd George Management, a Hong Kong based investment manager, specializing in Asian & Global Emerging Markets

2012 BMO acquires 19.9% equity interest, the maximum permitted for a foreign investor, in COFCO Trust Co., a provider of trust products & a subsidiary of COFCO Group. COFCO Group is one of China's largest state-owned enterprises, with operations across a variety of sectors, including agriculture and financial services

2012 BMO acquires private wealth management businesses in Hong Kong and Singapore



Making money make sense®

BMO与中国的良好关系历史悠久，可追溯到1818年

关于BMO银行金融集团

BMO银行金融集团 (TSX, NYSE: BMO) 成立于1817年，是一家高度多元化的全球金融服务机构。截至2012年7月31日，BMO总资产已达5,420亿加币，聘有超过46,000名员工，为北美及国际上超过1,200万客户提供多样化的服务，包括零售银行服务，财富管理和投资银行产品及方案等。BMO的业务遍布全球主要金融市场及贸易地区，在加拿大，美国及其他23个地区均设有附属机构。BMO在美国和加拿大设有近1,600家分行，已成为在美国和加拿大零售银行分行数量第二多的加拿大银行。按市值及资产规模排名，BMO已跻身于北美十大银行之列。

我们的理念

成为致力于最佳客户服务的银行。

您在中国的金融服务渠道

对BMO而言，中国是除北美以外又一重要的市场。BMO自成立之初就与中国建立了良好的关系。BMO银行金融集团在大中华地区的业务平台是业界同行所无法比拟的。2010年10月，BMO在中国新注册成立的子银行－蒙特利尔银行（中国）有限公司正式开业。在中国的法人转制之举也让BMO成为了少数几家能向客户提供广泛金融服务的外资银行之一。

BMO银行金融集团在北京、上海、广州和香港皆设有分行；在北京设立了一个投资银行代表处；在台北有一个代表处；BMO还拥有富国基金管理有限公司和中粮信托有限责任公司的股权；并在香港和新加坡收购了资产管理和私人财富管理业务。通过这些业务网络，无论是身处中国的北美企业，还是期望在北美投资及/或发展业务的中国企业及高净值个人，BMO银行金融集团都能竭诚为您提供完善优质的服务。

我们提供如下产品及服务(部分产品/服务也以人民币提供)

- 全面的贸易融资服务
- 机构及企业银行服务
- 资金管理及企业帐户服务
- 投资银行财务顾问服务
- 资本市场产品例如外汇交易，衍生产品，货币市场，金融产品等
- 移民银行服务
- 资产/财富管理服务
- 私人银行服务

查询更多有关BMO银行金融集团的详情，请联系投资者关系部：

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Andrew Chin, 多伦多, (416) 867-7019, andrew.chin@bmo.com

BMO在中国的久远历史和成就

1818 BMO承担了与中国之间贸易往来的首笔外汇交易。

1983 BMO在中华人民共和国设立了首家代表处。

1996 BMO成为首家在华注册，并获准在北京设立分行开展全面业务的加拿大银行。

2002 BMO是首家以做市商的身份参与中国外汇交易市场的加拿大银行。

2003 BMO成为首家入股中国互惠基金公司的外资银行－持有富国基金管理有限公司16.7%股份。富国基金管理有限公司的总部设于上海，是中国基金行业的领先机构之一。一年之后，BMO增持股权到28%。

2004 BMO成为首家获中国银监会批准在中国从事衍生产品业务的加拿大银行。

2005 在中国所有的外资银行中，BMO被评为人民币外汇交易业务的头号交易商。

2006 BMO成为首家在中国开设投资银行代表处的加拿大银行。

2006 BMO是少数几家外资银行之一（并是唯一一家加拿大银行）在中国五大银行的首次公开募股中担任副主承销商或副承销商。这五大银行包括中国银行、中国招商银行、中国工商银行、中信银行及中国农业银行。

2007 BMO自2007年起连续五年荣获 CFETS 颁发的“最受欢迎做市商”奖（由超过300家银行及非银行金融机构投票选出）及“最佳非美元外汇做市商”奖。

2010 BMO成为首家及唯一一家加拿大银行获中国银监会批准在中国设立全资子公司。

2011 BMO成功收购了Lloyd George Management，一家总部设于香港的投资管理公司，专长于亚洲和全球新兴市场的资产管理。

2012 BMO认购了中粮信托有限责任公司19.9%的股份，该股权比例为外国投资者的最高许可股份。中粮信托有限责任公司为中粮集团旗下子公司，专门经营信托产品业务。中粮集团是中国最大的国有企业之一，其业务横跨多个领域，包括农业及金融服务业。

2012 BMO在香港和新加坡收购了私人财富管理业务。

reconnus en Amérique du Nord, donc nous pouvons aussi être reconnus en Chine? » D'accord, vous avez travaillé dur pour améliorer le produit et bâtir votre marque au fil des ans et tout fonctionne ICI. Pensez à la leçon d'un million de dollars que Home Depot a finalement apprise : La manière américaine n'a pas fonctionné. Les clients chinois préfèrent « engager quelqu'un pour faire le bricolage » plutôt que « bricoler soi-même »; il s'agit là d'un exemple amer qui reflète les conséquences d'ignorer les subtilités d'un marché différent et de ses coutumes uniques. Cela conduit finalement à une approche ignorante, qui ne reconnaît pas l'importance d'adapter culturellement une offre à sa réalité et aux besoins locaux, et peut s'avérer néfaste pour toute entreprise.

En outre, il serait faux de considérer la Chine comme un marché homogène. Tout comme l'Europe, l'Empire du Milieu dispose de nombreux sous-marchés qui se distinguent clairement par leurs habitudes. La question devient alors : « votre produit ou votre service cible-t-il les acheteurs de premier rang, les villes riches, les villes d'échelon inférieur ou les consommateurs en ligne? » Un marché cible bien défini vous permet d'épargner du temps et de l'argent, tout en vous aidant à vous concentrer sur l'amélioration constante des produits et des services pour répondre aux besoins de vos acheteurs réels.

La règle de bien connaître son client est toujours valide et elle est particulièrement pertinente dans un pays aussi complexe que la Chine. Mener une recherche en matière de facteurs culturels ne vous coûtera pas nécessairement beaucoup de temps ou d'argent, mais elle vous aidera à comprendre les besoins, les préférences et les comportements du marché cible, de sorte que vous pourrez ajuster et adapter votre forfait de produits de marque nord-américaine et en faire une autre réussite en Chine!

Image de marque : pierre angulaire de votre planification de marketing

Après avoir adapté votre offre en fonction de la spécificité d'un marché cible, il est maintenant temps de penser à la façon de présenter votre marque.

Contrairement à l'idée reçue traditionnelle, les consommateurs chinois

sont très conscients des marques. Imprégnés par le confucianisme depuis plus de 2500 ans, les Chinois ont un désir contradictoire de s'intégrer et de se faire remarquer. Outre les questions de sécurité de nombreux produits de consommation d'aujourd'hui, ils recherchent également la qualité et la sécurité. Qu'est-ce qui peut répondre à ces besoins? Formuler une expérience de marque unique qui s'adresse directement à eux. Les marques locales peuvent difficilement séduire les consommateurs avertis d'aujourd'hui, qui les perçoivent comme manquant à la fois de qualité et d'aspiration sociale. En conséquence, les consommateurs se tournent vers les marques étrangères, à partir desquelles ils peuvent profiter de la qualité, de la sécurité, du service et du statut social qui vient de l'expertise que ces marques ont développée dans leurs marchés locaux. La clé du succès consiste à savamment trouver un moyen de faire appel au cœur des consommateurs chinois et à leur désir de qualité et de reconnaissance sociale, à transmettre un message de marque cohérent, et à créer une expérience unique à chaque point de contact.

Il est important d'adapter votre nom de marque. Négliger de l'adapter ou faire une simple traduction de votre marque pourrait s'avérer être l'une des plus grandes erreurs que vous pouvez faire dans votre stratégie s'adressant à la Chine. Par exemple, Best Buy souffre beaucoup en raison de son nom chinois « 百思买 » (un nom qui se traduit approximativement par « penser cent fois avant d'acheter »). Wal-Mart, même en tant que chef de file mondial de la vente au détail, n'était pas en mesure de rivaliser avec son homologue français, Carrefour, qui a compris le pouvoir discursif d'une image de marque lors de son atterrissage en Chine et qui a su qu'il faut attacher beaucoup d'importance à l'adaptation culturelle et à l'interprétation de sa marque, qui sont des points critiques à sa stratégie globale dans l'Empire du Milieu. Carrefour bénéficie aujourd'hui de la grande réussite de sa stratégie de marque spécialement conçue pour la Chine : « 家乐福 » (famille heureuse ; maison de bonheur).

Une bonne marque constitue la pierre angulaire de votre entreprise; en effet, elle devrait être son cœur et son âme. Ce

puissant véhicule que vous conduisez peut transporter votre marque de l'entrée au marché à des activités commerciales quotidiennes subséquentes. La création d'une image percutante avec un nom de marque pertinent en chinois peut avoir des répercussions importantes sur votre offre de produits, et peut servir de source d'inspiration puissante pour les clients qui seront impressionnés par votre sensibilité culturelle à leur réalité et à leurs aspirations en tant que consommateurs. Une réflexion intelligente et un travail acharné à long terme vous conduiront au succès.

Conclusion

Malgré la profondeur et l'étendue des marchés chinois, ils sont certainement accessibles aux PME canadiennes à capital et à main-d'œuvre limités, à la condition que les entrepreneurs adoptent des approches à la fois stratégiques et psychologiques pour développer leur image de marque, des produits et des services de façon graduelle. Je vous propose trois étapes clés qui peuvent vous aider à traverser la Grande Muraille et se démarquer de votre concurrence mondiale :

Comprendre la culture de vos marchés cibles pour supprimer les préjugés ou les mystères qui peuvent passer inaperçus;

Formuler votre offre de produits et votre stratégie de marque pour la Chine, pour faire ressortir votre point de vente unique et vous connecter avec les consommateurs potentiels. Assurez-vous que vous pouvez contrôler la cohérence de la marque à travers tous les points de contact et que vos distributeurs sont constamment informés et sur la même longueur d'onde.

Restez à l'écoute et développez des relations avec les clients, et adaptez-vous continuellement avec une vision globale et une stratégie locale correspondant aux comportements en matière de consommation et à la pertinence culturelle. ☺☺

Chia-Yi Tung leads Orchimedia, a cross-cultural marketing agency driven by the success of Canadian businesses' expansion in the Chinese markets.

Chia-Yi Tung dirige Orchimedia, une agence de marketing interculturelle portée par le succès de l'expansion des entreprises canadiennes dans les marchés chinois.



UNDERSTANDING THE CHINESE Internet is essential to the success of Canadian businesses in China. With the elite smitten with smartphones and farmers addicted to Internet cafes, one in five people on the Internet are Chinese. Let's get behind the Great Firewall of China for the latest analysis on the world's most influential digital kingdom.

STEP 1: Nihao is the new hello

About 300 million people in China speak English, but it doesn't mean they want to use it online. An up-to-date Chinese-language website is the price of entry into the digital game. Extra points for bringing an insider's voice to your message with writing tailored to Chinese audiences from Hong Kong, Taiwan and Mainland China.

STEP 2:

Do you exist in China?

Imagine the consequences of not showing up on Google search. Now look for your company in Chinese on Baidu.com, China's biggest search engine. Are you there? It's sobering to realize that most foreign sites just don't exist. Optimizing your website for Chinese search engines puts you in front of

by JOANNA WONG, PRINCIPAL, FLOW CS

EIGHT LUCKY STEPS TO DIGITAL MARKETING IN CHINA

new clients at the moment they actually want to buy your services.

STEP 3: From socialism to social

About 95% of people in China's major cities are on social media. With a widespread lack of faith in state-run news, social media is the primary source of trusted information. Foreign sites like Facebook are blocked by censors, so use local copycat services to build buzz and interact with your audience in real time. Chinese netizens are quick to mock bureaucratic, formal talk, so be honest and let your real personality shine.

STEP 4:

Rule the world with Weibo

China's Twitter, Sina Weibo, boasts over 360 million users who spend over an hour a day weighing in on life, politics, and endless pictures of food. As the voice of the growing middle class, Weibo has attracted the world's most successful brands and celebrities, including Tom Cruise. Thanks to Vancouver-based company Hootsuite, you can even download an app that integrates Weibo with other social networks.

STEP 5: Keeping up with mobile

China's mobile Internet users will soon be in the majority, leaving companies

scrambling to make sure cell phone and tablet fans can keep multi-touching on screens of all sizes. About 3/4 of China's some 700,000 apps are free, which means marketers can capitalize on placing ads on the apps that their target audiences love.

Step 6:

Get ready for e-commerce

Shopping online is one of China's national pastimes, with 50,000 sales a minute on Taobao, China's eBay-Amazon hybrid. Setting up shop in the digital jungle can be perilous, but with nearly 200 million Chinese online shoppers, fortunes can be made overnight. Remember that most Chinese don't like credit cards, so be sure to synch your site with popular services like Alipay or UnionPay to keep the RMB flowing.

STEP 7: Catch the QR fever

It's cool in Canada to use QR codes to connect smartphones with websites and coupons. But it's even cooler in China to build virtual supermarkets where you buy groceries by walking through aisles of pictures and scanning QR codes. Watch for a boom in virtual stores in public spaces like subway stations. Meanwhile, upstart messaging app WeChat has linked 200 million

accounts with personalized QR codes and has plans for global takeover.

STEP 8: Get out of Beijing

Keep up on what's hot online in China's most up and coming cities - none of which are Beijing, Shanghai or Guangzhou. The biggest booms will take place in China's many lesser-known second and third tier cities, all of which have their own local trends in digital marketing. Chongqing alone boasts the entire population of Canada. Go regional and hire local experts to drive your message home.

The Digital Republic of China can be intimidating for newcomers, but it's well worth the effort. Tourism Australia's innovative online campaigns delivered more than half a million-plus visitors and \$3.8 billion in spending in 2011. In China's brave new digital world, any player with a great idea can go viral overnight. ☺☺

Joanna Wong is a writer and principal at Flow Creative, a digital marketing agency in Beijing. She is recognized as an Action Canada Media Fellow and an Asia Pacific Foundation of Canada Fellow. Follow her updates on China's internet revolution on Twitter @joannacwong or at flowcs.com





WEIBO: China's Social Media and You

by MARK ROWSWELL/DASHAN

PING HAN/BIGSTOCK

“ONE WORLD, TWO INTERNETS” IS HOW LONG-TIME China media analyst Bill Bishop describes China's position in the online world. Encouraging consumers to “like us on Facebook” may be common practice for companies around the world, but not in China, where Facebook is blocked and still has minimal penetration. When it comes to marketing via social media in China, Western companies find that it's a whole different world.

Attending a conference in Silicon Valley, I heard one speaker say: “In China they have no Facebook, no Twitter, no YouTube, no Google; they know almost nothing about the Internet!” Wrong. They have Weibo and WeChat and Youku and Baidu, and more. Each of these has hundreds of millions of users and is a household name across China. China's online community is incredibly vibrant, technologically advanced

and increasingly global in scope; it's just that they play their own game. In fact, China has the world's most active social media environment, with over 300 million users. China's netizens on average spend 40% of their time at social media sites, a much higher percentage than in the West.

For companies looking to market themselves in China through social media, setting up a Facebook page, a Twitter feed or a YouTube channel will get you nowhere. Waiting for sites to become unblocked may well take longer than the entire history of these companies to date. Hoping that Chinese consumers will use readily-available tools to reach blocked sites is futile -- the vast majority simply don't bother to even try. You have to learn how to navigate “China's Internet.”

King of the hill in China's social media scene at present is Weibo, often erroneously described as “China's Twitter.”

While Weibo clearly began as a Twitter clone, like many Chinese Internet start-ups it quickly evolved into something more, adapting to its own environment and user preferences. These days, Weibo is much more versatile and offers more functionality than Twitter, and continues to release new features on a steady basis.

Moving beyond the “square peg in a round hole” approach of describing Chinese web services as “the Chinese version of...” is an important step towards understanding China’s Internet. There really is no “Chinese Facebook,” because the industry is much more fragmented in China, and no one site has the power or influence of a Facebook. Beyond Weibo, popular sites like Renren and Kaixin offer much of the social networking services of Facebook, but each with their own niche. The inability of any one player to become truly dominant has forced sites to differentiate themselves and focus more on specific market segments. Perhaps as a result, over 80% of social media users in China subscribe to multiple sites – again a much higher average than in Western countries.

Even Weibo (which literally means “micro-blog”) is fragmented. Among white-collar users in first tier cities and among a large contingent of overseas Chinese, “Weibo” refers to Sina Weibo. But ask grassroots users in second and third tier cities which micro-blogs they follow and the answer is usually Tencent Weibo.

And then there’s WeChat, already threatening to eclipse Weibo and become China’s first truly global Internet product.

If all this seems confusing, it’s because it is. China’s social media scene is a messy, diverse and rapidly evolving environment. Yet this is the main online forum where people are exchanging information and forming opinions. It’s no longer sufficient to simply have a Chinese language website and wait for people to visit. To be effective, you have to pick your online venues based on your target audience and manage your exposure across social media platforms.

For my part, I currently maintain micro-blogs on both Sina and Tencent. And while information is often cross-posted, I find there is little overlap between the roughly 2 million followers on either site.

Accumulating vast hordes of zombie followers does little more than boost one’s ego, however. What’s more important is being involved and helping shape opinions within this very active forum. More impact tends to come from being re-posted and thus reaching new users, or simply raising a topic and watching the ensuing discussion take on a life of its own. You don’t have to say everything for yourself, because others will fill in the blanks. You’re only one voice in a multi-nodal conversation, and what’s more important is not what you or anyone else says specifically, but the general tone of the online discussion and the fact that a discussion is taking place at all.

Keep it down-to-earth and as personalized as possible, but grow a thick skin. This is not a place to simply be issuing press releases and impersonal, standardized notices. And be prepared for the strong anti-commercial, anti-authoritarian, anti-just-about-everything streak of social media. Much of the commentary on Weibo and other social media can be discouraging, but the overall impact is well worthwhile.

Increasingly I am finding that media inquiries, performing and business opportunities are coming out of the buzz created

on Weibo. Even for serious business enquiries, people are much more likely to reach out with a first message via Weibo than to use the traditional “Contact Us” page on my website. And traditional media outlets are increasingly referring to social media sites for story ideas, so momentum gained on Weibo often continues to grow through print, radio and television.

Of course, social media is a natural forum for public figures, but corporations and other organizations are also increasingly using the medium to communicate directly with their customers, users, or simply a broader public audience. Canadian businesses aren’t very prominent in this field, perhaps because our presence in the retail industry in China is relatively limited, but some are already making inroads.

It’s perhaps surprising that the Canadian government, normally very cautious and wary of social media, is playing a pioneering role on Weibo. The Canada Weibo account is in fact the only social media site hosted by a Canadian embassy anywhere in the world that is aimed not at Canadians but at the local population. Apart from the standard “Canada vignettes,” tourism and “study in Canada” promotion, Canada Weibo also partners with Canadian retailers like MAC Cosmetics and Birks. In little over a year, Weibo has become the most effective tool the Embassy has for communicating with a grassroots audience in China. It’s simply the best way to cut through the bureaucracy and communicate on a person-to-person basis, albeit on a mass scale.

Whether you’re “Dashan,” the Canadian Embassy or a commercial business, we all face the same challenge of how to reach out to ordinary Chinese citizens with as few barriers and filters as possible. Actively participating in the domestic social media scene in China provides the most direct way to do that. If you’re truly interested in engaging your Chinese customers/users/audience in a real conversation via social media, invite yourself onto their turf and join in the discussions that are happening on “China’s Internet.” ☺☺

中国互联网—— 社交网络与你

作者：大山

资深媒体分析师比尔·毕晓普把中国与互联网世界的关系状况形容为“一个世界，两个网络”。在世界各国企业纷纷在Facebook求关注之际，中国却是另一种状况——Facebook被拦截了，破解方法寥寥。想通过社交网络在中国运营的西方企业会发现，这里竟是截然不同的另一个世界。

我曾在硅谷的一个会议上听过这样的言论：“中国是没有Facebook，没有Twitter，没有YouTube，没有Google的。中国人对互联网一无所知。”此话大错特错。他们有微博，有微信，有优酷，有百度，还有其他各种。上述这些各自拥有数以亿计的用户，在中国无人不知晓。中国的网络社群充满活力，技术先进，而且影响越来越广泛，只是，他们用自己的游戏规则。事实上，中国拥有全世界最活跃的社交网络环境，用户数量超过3亿。

中国网民平均每天要花上40%的时间在社交网站上，这个比率远远高于西方国家。

外国企业如想借助社交媒体的力量在中国做生意，那就要先打消Facebook，Twitter或者YouTube这些念头。要等到这类网站解禁，估计等待的时间比企业自身的历史还要长。也不能奢望中国客户自行使用现有的翻墙工具——绝大多数用户会直接无视之。所以，你得学会如何在“中国互联网”上遨游。

当今中国社交媒体的领头羊是微博，这个经常错误地被介绍为“中国的Twitter”的网站。无可否认地，与很多中国网络产品起步阶段相仿，微博最初也只是山寨版Twitter，但随后慢慢地自成一派，变得更融入大环境，更符合用户口味。如今，微博在多样性和功能种类方面已经超越Twitter，并正在有条不紊地逐渐添加新的特色。

要了解中国互联网，就不能再继续笼统地将某某网络产品简单地一刀切描述成“中国版的xx”。例如说，你是找

不到“中国版的Facebook”的，因为类似网站很分散，没有一个有足够实力和影响力的网站来代表Facebook在世界互联网的地位。除了微博之外，人人网和开心网都有提供与Facebook类似的社交网络服务功能，但每一家都有其自己的定位。正是因为没有出现到一家独大的局面，迫使各大社交网站必须各具特色，各自针对不同的市场群体。这也许是中国逾80%的社交网络用户都在多个不同网站注册的原因——这个数字也远超于西方国家平均水准。

即使是微博，也是百家争鸣。在一线城市的白领用户和多数海外华侨华人眼中，“微博”默认指新浪微博。但如果你问二三线城市的草根阶层要微博号，他们通常会告诉你你在腾讯微博的账号。

微信也逐渐开始蚕食微博的份额，它是中国第一个真正意义上的全球网络产品。

以上种种看起来很乱，因为它就是这么乱。中国的社交网络界正在进行一次杂乱、多样而高速的进化，但这正是

A man in a white shirt and black tie is sitting on a concrete ledge, looking down at a tablet device. He is wearing black trousers and black shoes. The background is a blurred cityscape with buildings and a body of water.

Weibo has become the Canadian Embassy's most effective tool for communicating with China's grassroots audiences.

网民们进行信息交流，表达自己意见的主要平台。单纯设个中文门户网站让大家来看，已经满足不了中国网民。要想打出效果，就必须认真地根据目标客户来选择网络渠道，而且要用心地通过社交网络平台增加自己的知名度。

就我个人而言，我在新浪和腾讯都开了微博。尽管两个微博的内容大多相同，但是两个平台各200万的粉丝却很少有重复。

但是，如你拥有大量“僵尸粉”，除了满足自己虚荣心之外，实在于事无补。关键是要通过这个活力十足的平台，参与公众的讨论，并助推主流意见。这主要通过转载来实现，有转载就能让更多新用户认识你；又或者，你可以直接发起一个话题，然后在一旁观看其衍生的讨论。你甚至不需要亲自表达意见，因为自然会有人说你想说的话。在一场各抒己见的讨论大潮中，你只是其中一种声音，所以你或者别人具体说了什么话，其实并不重要，重要的是大家的主流意见，以及这场讨论本身。

同时，要尽量做到人性化，接地气，不要太在乎风言风语，毕竟微博不仅仅是用来向传媒发布机械化的官方声明的。网上什么话都会出现，所以要有心理准备以迎接过激言论，有人会贬低你的商品，有人会挑战你的权威，甚至有些人热衷于黑掉他看到的一切。微博和其它社交网络上的评论多数会很伤人，但总体效果是值得的。

有时候，我甚至通过微博获得了媒体访谈、表演的机会以及其他商机，而且这种情况越来越普遍。即使是严肃的商业问价，人们也开始通过微博来进行，而非传统的登陆我的主页然后点击“联系我们”。传统媒体输出也越来越多参考社交网站的段子和消息，所以微博也随着印刷品、电台和电视的推波助澜而继续强势。

本质上说，社交网络是属于个人的平台，但如今公司和组织机构都渐渐在利用这一媒介，与其客户用户直接沟通，或者当宣传的工具。加拿大的公司在这方面尚显不足，毕竟加拿大在中国的零售业涉足还是相对较小，但也有部分企业已经向此进军。

加拿大政府对社交网络一直抱以谨慎和警惕的态度，如今它竟然成为了加拿大微博的先行者，当时我就震惊了。加拿大大使馆在全球范围内的各个社交网站只有一个账号，那就是微博。而且，加拿大微博面向的目标群体并非加拿大人，而是中国网民。除了常规的内容，如“加拿大精华”旅游项目的介绍以及“加拿大教育”的宣传，加拿大官方微博还与加国零售商如MAC化妆品、Birks等有合作关系。在短短一年间，官方微博已经成为大使馆与中国草根阶层之间最高效的沟通渠道。官方微博是政府打破官僚隔阂，实现集群式人际亲善交往的绝佳渠道。

无论是大山，还是加拿大大使馆，还是普通的企业，我们都面临着共同的挑战，那就是如何能冲破障碍和隔阂，尽可能地与中国网民来个亲密接触。要做到这一点，最直接的方法，就是积极地投身到中国社交网络的浪潮当中。如果你真心有意与你的中国客户、用户或观众进行真切交流，那就去到他们的草坪里，加入中国互联网，与他们一起聊吧。☺☺

Mark Rowswell has worked in the Chinese media for over 24 years, as a freelance performer and emcee. Inducted into the Order of Canada in 2006, Dashan was Team Attaché for the Canadian Olympic team at the 2008 Beijing Olympics. During Expo 2010 in Shanghai, Dashan served as Commissioner General for Canada. In 2012, Canadian Prime Minister Stephen Harper named Dashan as Canada's Goodwill Ambassador to China.

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In China, Eldorado operates the Jinfeng, Tanjianshan and White Mountain gold mines. These produced over 374,000 ounces of gold in 2011 and make Eldorado the largest foreign gold producer in the country. Eldorado was the first North American company to build and operate a gold mine in China.

Wherever it operates, Eldorado works closely with local communities to create employment opportunities, improve access to education and healthcare, protect the environment and develop infrastructure.

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Selling into China

Your China Sales Program

by KRISTINA KOEHLER, CHINA DIRECTOR, KLAKO GROUP

FOR MANY INTERNATIONAL COMPANIES, BOTH multinational corporations and small-to-medium sized enterprises, China is a sales market that holds exceptional potential. There are various sales structures available to companies entering the China market. The individual options vary in terms of investment, risk, commitment, control and time frames. For selling into China there are two general options:

- Selling into China without any local representation or
- Establishing a presence in China to sell and market to distributors or end consumers.

Program 1:

Outsource all sales activities in China—whether for trading of goods or providing services

A foreign company has the option of establishing a network and identifying potential buyers or even partners by visiting or exhibiting at relevant trade fairs in China. Selling into China without a local presence is naturally the first step for many, but if your company wishes to expand and realize the full potential of the China market, a local presence is required. Before entering into a business relationship with a potential Chinese partner, due diligence is an important factor. It is essential to check references and conduct a thorough company background check.

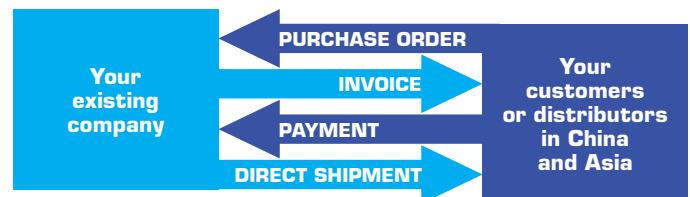
Distributors and Agents

The greatest challenge for foreign suppliers/service providers is to find dedicated, reliable, professional and credit-worthy distributors and partners. A long-term, focused and consistent strategy is needed to access and profit in this market.

Many of the domestic distributors/partners have an edge over foreign players in terms of scale, established infrastructure in China, government “guanxi” (i.e. relationships with government bureaus) and network reach. Additionally they offer highly price-competitive services. However, one has to understand that there are foreign distributors readily available on the market. These foreign distributors may offer a wider range of services to suppliers, such as merchandising, trade marketing and business

intelligence; whereas domestic players focus more on sales and logistics, offering simple services such as warehousing and transportation, value-added services such as product tracking and cold chain logistics. Additionally, domestic companies may be more confined in terms of their service networks and may specialize only in certain regions. Foreign distributors do have an advantage in that they have management expertise and state-of-the-art services and are therefore less willing to compete on price.

Companies looking to begin their distribution into China should either establish their own distribution networks or work with several regional distributors. Never work with just one distributor. Try and spread your wings to develop business relationships with distributors who are located in different regions and offer local expertise and knowledge. In addition, you may want to work with both foreign and local Chinese distributors/partners to understand the different level of services being offered. Let this stage of your market entry be your testing stage to understand the potential and size of the China market and whether you want to take that next step to establishing your own local presence.



Program 2:

Establish a Regional Sales Office in Hong Kong

Establishing a Hong Kong Company for sales activities in China and the rest of Asia Pacific has many advantages. When selling to the Chinese and/or Asian market, the Company can enjoy significant tax and operational benefits—with or without a Chinese-incorporated mainland entity. You can use a Hong Kong Company as a re-invoicing center for sales to China and other Asian countries and accumulate profits at favorable tax rates. The regular tax on profits is 16.5%, but if the profits of a Hong Kong Company are generated through offshore business, they can be tax-free.

Advantages of holding your Regional Sales Office in Hong Kong:

- You can reach the entire Asia Pacific market and centralize your Asia Pacific Sales Program in Hong Kong
- Renminbi (RMB) Internationalization—As a seller to the China market, having a RMB account allows you to:
- Reduce risk: Holding a RMB cash position is a natural hedge for two-way import and export flows with China.
- Increase Control: Manage timing of foreign exchange transactions.
- Improve turnaround time: Shorten settlement cycle and Days Sales Outstanding by eliminating foreign currency settlement.
- Widen client base: RMB settlement can be used to access a wider base of clients who might have limited access to foreign currency.
- Enjoy competitive advantage: Not all overseas firms have the ability to receive payments in RMB and you can potentially enjoy higher interest yield on RMB.

- You can find highly qualified and trained sales experts and engineers who have easy access to all Asian markets (without having to apply for tedious visa applications).
- The compliance issues for a Hong Kong Company are much easier and more affordable.

Disadvantages of holding your Regional Sales Office in Hong Kong when dealing with China sales:

- Your China customer will need to remit foreign currency or RMB overseas to your Hong Kong Company (this is still considered an international transfer) and as such there may be approval processes that your customer may need to comply with.
- Your China customer will still need to import the goods into China and pay Customs Duty.
- Your China customer will not be receiving a Value Added Tax (VAT) Invoice.
- Standards of living, such as rent and salaries, are high in Hong Kong compared to other Asian markets.



Program 3: Establishing a Regional Sales Office in Hong Kong with an Operational Sales and/or Production Subsidiary in China

If you wish to act as the importing agent to China in order to handle the following:

- Handle the customs clearance of the imported goods;
- Have the ability to purchase goods in China for re-selling;
- Have your own warehouse facility;
- Have the ability to issue VAT invoices to your customers;

You will have no choice but to establish a Limited Company in the territory of China. A Limited Company in China is called a Wholly Foreign Owned Enterprise (WFOE) or Foreign Invested Commercial Enterprise (FICE) and it is a company limited by a presumed liability and wholly owned by a foreign investor(s). A Company may want to establish its own production facility

in China in order to cater to the China and/or Asian markets exclusively. This would enable the company to produce specifically-designed products for these markets as well as allowing for faster and more efficient production and delivery times. The Company could then not only import products that are not within their production capabilities but also sell all these products domestically.

Conclusion

This article covers only three possible sales programs, but it is important for a company to evaluate its best China and Asia Pacific sales strategy and to consider which option fits their company's business model and supply chain the best. There is no reason for foreign investors to be nervous or hesitant about entering the China market. The key for many is to make sure they do not become excessively complacent and "give up." In order to succeed in China one must persevere. ☺☺



Kristina Koehler has worked in the Chinese legal and accounting industry since 2003 when she joined Klako Group as its China Director. Fluent in English, German, French

and Mandarin, Kristina advises and represents Western clients with their business interests in China. She has worked on numerous complex transactions including foreign direct investment,

including corporate (re)structuring and company liquidations, and M&A deals, and she frequently advises on and represents foreign clients in tax, accounting and trade related matters.



ERPRISE

1.43

CDN\$

OUTLOOK TO POSITIVE FROM STABLE
1.0780

/

1.0785

EUR

Listing of Chinese Companies on the Toronto Stock Exchange or TSX Venture Exchange

by MICHAEL MELANSON AND SHAIRA NANJI

THE TORONTO STOCK EXCHANGE (TSX) AND THE TSX Venture Exchange (TSX-V), which are part of the TMX Group in Canada, are receptive to new successful listings of Chinese companies. With the new TMX Group office opening in Beijing on November 14, 2011, Chinese companies now have greater exposure to the Canadian capital markets. From 2006 to 2011, an increasing number of Chinese companies were listed on the TSX or the TSX-V and the number of Chinese-based companies listed on the TSX and TSX-V grew from 35 to 56. The total market capitalization of these companies grew from \$3.9 billion to \$4.6 billion at the end of 2011.

Chinese companies currently listed on the TSX or TSX-V belong to a variety of industries, with 36% in Diversified Industries, 16% in Mining and the remaining companies involved in other sectors such as Technology, Life Sciences, Harvest Products, Financial Services, Clean Technology and Oil and Gas.

While the European debt crisis is roiling the global financial markets, going-public activities have slowed but never stopped. The TSX and TSX-V welcomed 270 new listings as of September 30, 2012. This number consists of 152 companies, 65 Capital Pool Companies (CPCs), 36 exchange traded funds and 17 structured products. Of these new listings, 27 were international companies – 16 were from the United States, four from Australia, three from Latin America, one from Africa and three from Asia.

Listing Vehicles

The three main listing vehicles that are used by foreign companies in Canada are an Initial Public Offering (IPO), a Reverse Takeover (RTO) and a Capital Pool Company (CPC).

An IPO is the traditional way for an issuer to raise money and offer stock or shares to the general public for the first time. This method requires a high level of disclosure through a prospectus, a formal legal document that provides details about the securities offered for sale to the public. The prospectus is required to be filed with the securities commission in the jurisdictions where the issuer's securities are being offered and sold. The prospectus contains all

relevant facts an investor would want to know in order to make an informed investment decision.

A private company that wishes to become publicly traded but does not have a current need for raising capital through an IPO uses an RTO. The private company merges with a smaller company that is already listed on the TSX or TSX-V. A management information circular is filed by the public company and the company's shareholders are asked to approve the transaction.

A CPC involves a type of RTO. Investors set up a shell company, or CPC, on the TSX-V solely to acquire an unlisted company or business. The listed CPC must identify an appropriate business as its "qualifying transaction" and announce its intention to complete the transaction within 24 months of listing. The TSX-V reviews the qualifying transactions. A filing statement or management information circular provides prospectus-level disclosure on the company or business that is going to be acquired by the CPC.

Reverse Mergers in the U.S.

Many foreign companies have obtained public listings on U.S. stock exchanges or have gone public on the over-the-counter market (OTC) in the U.S. by way of reverse merger. In substance, a reverse merger is similar to an RTO or a CPC in Canada, where a private company is merged with a U.S. public company. However, as the U.S. public company shares trade on the OTC, there can be significantly less disclosure with a reverse merger in the U.S. compared to an RTO or CPC in Canada. The U.S. Securities and Exchange Commission (SEC) has pursued regulatory proceedings against a number of public companies that resulted from reverse mergers, with the SEC alleging that there was improper financial disclosure to investors and improper due diligence by the underwriters. In the case of an RTO and a CPC, the higher level of prospectus-level disclosure required for RTOs in a management information circular and the filing statement for a CPC undertaking a "qualifying transaction" is designed to avoid the regulatory issues encountered in the U.S. with reverse mergers.

Recent Regulatory Issues

North American securities regulatory authorities are increasingly scrutinizing foreign-based public issuers to improve investor protection and strengthen the capital markets. The SEC and the Ontario Securities Commission (OSC), Canada's largest securities regulatory authority, have recently issued Staff Notices related to public companies from or with operations in emerging markets. Chinese companies are referenced in both the SEC and OSC staff notices. In Canada, there have been recent regulatory proceedings by the OSC related to alleged accounting and audit irregularities of Sino-Forest, which has forest plantation operations in China, and Zungui Haixi, a casual clothing manufacturer from China.

When emerging market issuers decide to publicly list, they should not only consider general market conditions, but should also consider recent reports and recommendations by securities regulatory authorities.

On June 9, 2011, the SEC released a Staff Notice entitled "Reverse Mergers," which warns investors about the risks of companies that have gone public via reverse mergers. The notice identifies several Chinese companies, including Heli Electronics Corp., RINO International Corporation and HiEnergy Technologies Inc., whose public trading was recently suspended due to auditing and accounting irregularities.

In October 2011, the Public Company Accounting Oversight Board released a Staff Audit Practice Alert warning auditors to be aware of certain fraud risks in companies with operations in emerging market jurisdictions.

Similarly, in February 2012, the Canadian Public Accountability Board released a special report that found the auditing of public companies in foreign jurisdictions did not meet acceptable Canadian standards and that a wide gap in auditing standards existed between Canada and China. The report said that many Canadian audit firms do not adequately account for the business environments in foreign jurisdictions and do not address risks from different business customs and practices.

On March 20, 2012, the OSC released Staff Notice 51-719 entitled "Emerging Markets Issuer Review," identifying problems in auditing, disclosure, internal controls and due diligence for foreign companies, including Chinese companies. The OSC Staff Notice is based upon a "targeted review" of 24 issuers listed on Canadian exchanges with business operations in emerging markets, such as Asia, Africa, South America and Eastern Europe. The goal of the review is to examine the disclosure and corporate governance practices of issuers and the roles of auditors, underwriters and the exchanges in protecting capital markets and investors.

Four main areas of concern are highlighted in the OSC Staff Notice:

- * the level of governance and disclosure for emerging market issuers;
- * the adequacy of the audit function for emerging market issuers' annual financial statements;

- * the adequacy of the due diligence process conducted by underwriters in offering securities of emerging market issuers; and
- * the stock exchange listing approval process.

OSC Recommendations

The OSC Staff Notice provides a list of preliminary recommendations summarized as follows:

Issuers

- * Improve issuer corporate governance practices and focus on the board of director's responsibility to understand the business, foreign operations and risks of issuers in foreign jurisdictions
- * Ensure CEOs and CFOs of issuer conduct reasonable due diligence and clarify expectations
- * Require issuers to disclose complex corporate structures and their purpose to investors
- * Require issuers to raise awareness of risk factors associated with foreign jurisdictions
- * Require issuers to maintain books and records in Canada
- * Consider minimum Canadian director residency requirements
- * Consider language competency requirement for Canadian-resident board members in the appropriate local language given issuer's business operations

Auditors

- * Allow OSC access to the audit working papers of issuers
- * Address and disclose if regulators cannot access foreign audit files relating to issuers
- * Consider if auditors should be required to publicly disclose resignation and reasons for resignation

Underwriters

- * Establish a set of requirements for due diligence that addresses the following issues for issuers: operational structure; the internal controls and risk management; government relationships; translation and foreign language use; asset ownership and review of key documents; key members of management, customers, suppliers and other relevant parties

Stock Exchanges

- * Determine if additional listing requirements or exchange review procedures are required to address specific risks of foreign issuers
- * Provide greater transparency in the event of waivers of any listing requirements
- * Determine the extent to which reliance on third party due diligence is appropriate

The report also references lawyers, experts, consultants and other professionals and emphasizes the important roles they must play to ensure full disclosure of the risks associated with foreign issuers.

Issuers should be aware of all recommendations in the OSC Staff Notice so that they can anticipate potential areas of concern when listing on the TSX or TSX-V.



Concluding Remarks

On November 9, 2012, the OSC published an Issuer Guide, which outlines eight key areas that should be considered by companies operating in emerging markets. A follow-up article will be written summarizing this Industry Guide. This Industry Guide should assist foreign issuers in understanding the expectations of securities regulatory authorities in relation to the protection of investors and will allow foreign issuers to prosper in Canadian capital markets. ☺

中國公司在多倫多證券交易所或TSX創業交易所上市

中國企業的實用指南和建議

多伦多证券交易所 (TSX) 和TSX创业板 (TSX-V) 都属于加拿大TMX集团，中国公司可以在此成功上市。2011年11月14日TMX集团在北京设立新的办事处，促使更多中国公司得以接触加拿大资本市场。从2006-2011年，在TSX或TSX-V上市的中国公司数量已经从35增加至56。这些公司的总市值从30亿美元增至2011年底的46亿美元。

目前在TSX或TSX-V上市的中国公司来自多种行业，36%属于多元产业，16%来自采矿业，其余公司涉及的行业包括技术、生命科学、收获类产品、金融服务、清洁技术以及石油和天然气。

欧洲债务危机搅动全球金融市场，上市活动放缓但从未停止。截至2012年9月30日，TSX和TSX-V新增了270家上市机构，包括152家公司、65家资本库公司 (CPC)、36支交易型开放式指数基金和17种结构性产品。在这些新上市机构中，有27家国际企业，其中16家来自美国，4家来自澳大利亚，3家来自拉丁美洲，1家来自非洲，3家来自亚洲。

上市工具

外国公司在加拿大上市使用的3种主要的上市工具是首次公开发售 (IPO)、反向收购 (RTO) 以及通过资本库公司 (CPC) 进行的合格交易 (QT)。

IPO是发行人首次向大众募集资金并发行股份或股票的传统方式。这种方式要求通过招股说明书进行详尽的信息披露，招股说明书是一份向公众说明所出售证券的详细情况的正式法律文件。招股说明书需提交给发行人发行和出售股份所在的司法管辖区的证券委员会。招股说明书应包含投资者做出明智投资决定所需要的所有相关信息。

私营企业想要公开上市交易但目前不需要通过IPO募资，这种情况可以使用反向收购 (RTO)。私营公司与一家已经在TSX或TSX-V上市的更小的公司合并。由这家上市公司提交公布管理层信息文件，要求公司的股东批准该交易。

资本库公司也是一种反向收购。投资者在TSX-V上设立一个空壳公司或CPC，只是为了收购一家未上市的公司或一项业务。上市CPC必须确定一家合适的公司作为其“合格交易”并宣布在上市后24个月内完成交易。由TSX-V审查合格交易。提交的声明或管理层信息文件需提供关于CPC将要收购的公司或业务的信息披露，信息披露程度类似于IPO需达到招股说明书的级别。

在美国的反向并购

许多外国企业在美国证券交易所公开上市或通过反向并购在美国的场外交易市场 (OTC) 上市。反向并购本质上与加拿大的RTO或CPC类似，是一家私营企业与一家美国上市公司合并。但是，因为美国上市公司的股票在场外进行交易，美国反向并购的信息披露程度远远低于加拿大的RTO或CPC。美国证券交易委员会 (SEC) 对通过反向并购上市的公司实行监管程序，指控其向投资者进行了不当的财务信息披露而且承销商进行了不当的尽职调查。就RTO和CPC而言，RTO的管理层信息文件以及进行“合格交易”的CPC提交声明中的信息披露水平要高于招股说明书，这是为了避免遇到像美国反向并购中的监管问题。

最近的监管问题

北美证券监管机构对外国发行人实施越来越严格的审查，以加强对投资者的保护并规范资本市场。美国证券交易委员会和加拿大最大的证券监管机构安大略证券交易委员会 (OSC) 最近发布了关于来自新兴市场或在新兴市场有业务运营的上市公司的《工作人员公告》。SEC和OSC的《工作人员公告》中都提到中国公司。在加拿大，OSC最近对嘉汉林业 (在中国有种植园业务) 以及中国休闲服制造商尊贵海西的会计和审计违规行为启动了监管程序。

当新兴市场发行人决定公开上市时，不仅要考虑一般市场条件，也要关注证券监管机构最近发布的报告和建议。

2011年6月9日，SEC发布了题为“反向并购”的《工作人员公告》，提醒投资者警惕通过反向并购上市的公司的风险。该通知列出几个中国公司，包括浙江合力电子有限公司、绿诺环境工程和科技有限公司以及HiEnergy Technologies Inc.，由于审计和会计违规行为这几家公司最近已被停牌。

2011年10月，上市公司会计监管委员会发布《全员审计实务警示公告》，提醒审计员注意在新兴市场司法管辖区有业务运营的公司可能存在某些欺诈风险。

在2012年2月，加拿大公众责任委员会也发布一份特殊报告，报告指出来自外国司法管辖区的上市公司的审计未能满足可接受的加拿大标准，而且中国和加拿大之间的审计标准存在巨大差距。报告表示许多加拿大审计公司没有充分地说明外国司法管辖区的商业环境，也没有解决不同商业惯例和做法带来的风险。

2012年3月20日，OSC发布《工作人员公告》51-719号文件，题为“新兴市场发行人审查”，确定了外国公司 (包括中国公司) 在审计、信息披露、内部控制和尽职调查方面的问题。OSC《工作人员公告》基于对24家上市公司的“针对性审查”而得出，这些公司在加拿大交易所上市且在亚洲、非洲、南美和东欧等新兴市场有业务运营。审查目的是审查发行人的信息披露和企业管理做法、审计员和承销商的角色以及在保护资本市场和投资者方面的交流。

OSC工作人员公告中强调了四个主要问题：

- 1 新兴市场发行人的管理和信息披露水平
- 2 对新兴市场发行人年度财务报表的审计的充分性
- 3 承销商在新兴市场发行人发行证券过程中展开尽职调查过程的充分性
- 4 股票交易所的上市批准流程

OSC的建议

OSC《工作人员公告》提供的初步建议总结如下：

发行人

- 改善发行人的企业管理做法，注重董事会的责任，即了解外国司法管辖区发行人的业务、外国业务运营和风险
- 确保发行人的首席执行官和首席财务官执行合理的尽职调查并说明预期
- 要求发行人向投资者披露复杂的企业机构及其目的
- 要求发行人提高对外国司法管辖区风险因素的认识
- 要求发行人在加拿大保持簿册和记录
- 考虑加拿大董事居住地的最低要求
- 鉴于发行人的业务运营，考虑居住在加拿大的董事会成员的本地语言水平

审计员

- 允许OSC获得发行人的审计工作底稿
 - 如果监管人员无法获得与发行人相关的外国审计文件，审计人员要解决该问题并披露信息
 - 考虑审计员是否应该将辞职及其原因公开披露
- 承销商
- 设立一系列尽职调查的要求，为发行人解决以下问题：运营结构、内部控制和风险管理、政府关系、翻译和外语使用、资产所有权和关键文件审查、管理层主要成员、客户、供应商和其他相关方。
- 证券交易所
- 确定是否需要额外上市要求或交换审查程序来应对外国发行人的具体风险

- 在豁免任何上市要求时提供更大的透明度
- 确定对第三方尽职调查的依赖程度是恰当的

该报告也提到律师、专家、顾问和其他专业人士，并强调他们应当扮演重要角色以确保对外国发行人的相关风险进行全面披露。

发行人应了解OSC《工作人员公告》上的所有建议，才能预料在TSX或TSX-V上市过程的潜在问题。

结语

在2012年11月9日，OSC发布了一篇《发行人指南》。指南概述了在新兴市场进行业务运营的公司所需要关注的八大关键点。不久之后将会出一篇后续文章对这个指南进行进一步总结。OSC发表这个指南是为了帮助外国发行人了解证券监管机构在保护投资者方面的期望，也将使外国发行人在加拿大资本市场蓬勃发展。CC

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Wanted: An Asia Strategy

by DONALD CAMPBELL,
PAUL EVANS and PIERRE LORTIE

THE RECENT OUTPOURING OF attention to Asia by visiting federal and provincial politicians and business leaders is to be welcomed. What is missing, however, is a coherent and articulated approach that is both understood by Canadians, and perceived as more than just a series of disconnected initiatives by Asians.

In March 2012, the Asia Pacific Foundation of Canada convened a taskforce to assess the current role of regional institutions and bilateral mechanisms and make recommendations towards a government-led strategy to advance Canadian interests in Asia and secure its place in the region. The context is the government's rising interest in Asia and growing hints that it is piecing together a longer-term approach that extends beyond facilitating commercial transactions.

The Prime Minister has visited Asia twice this year; Foreign Affairs Minister Baird and International Trade Minister Fast conducted repeated trips to Asia; and Defence Minister McKay delivered a speech at a premiere gathering of security officials in Singapore. In addition, the government concluded a Foreign Investment Protection Agreement and economic complementarities study with China; secured entry into the Transpacific Partnership (TPP), a promising regional trade agreement; opened an embassy in Burma; and sent a large contingent to participate in the important Pacific Rim naval exercise (RIMPAC).

Taskforce consultations with policymakers and experts in Asia, Canada and the United States affirmed the need to consolidate and sustain these initiatives and give them a clearly stated rationale and much larger human and financial resources. They were clear that a one-legged approach focused on commercial relations alone is destined to fail. A comprehensive connection

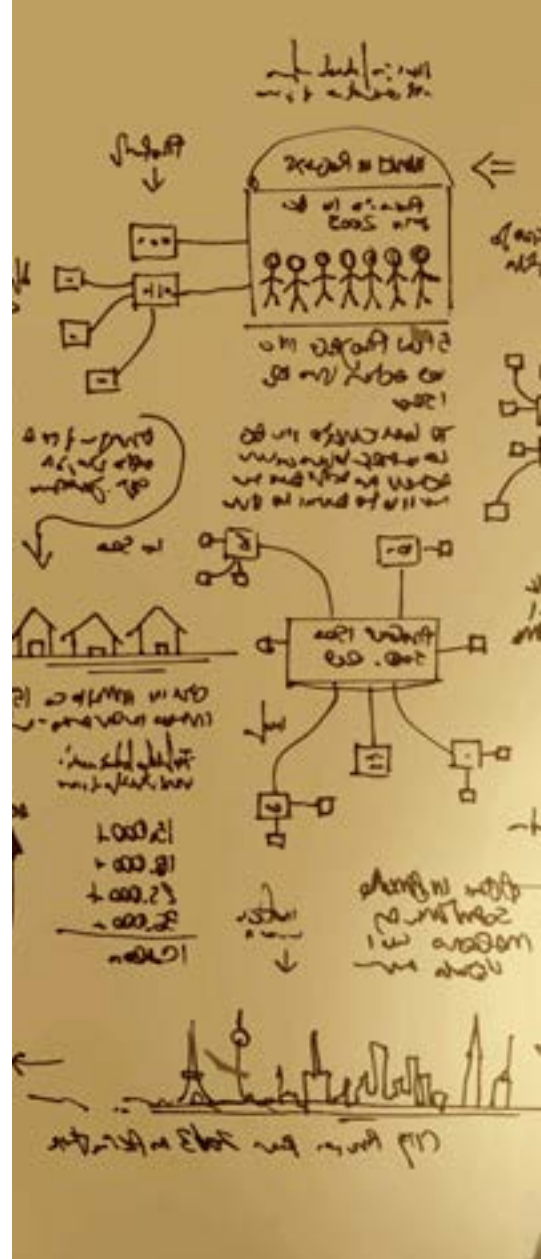
including political and security processes is needed to demonstrate Canadian commitment and capacity.

A longer-term Asia strategy will need to rest on four pillars.

First, it must be full-scope. Our future prosperity and well-being will depend on how we engage with an Asia that is rapidly increasing its share of world economic output, experiencing a tectonic shift in power relations (centered notably around China's rise), and quickly gaining influence in global institutions. Asia is rapidly integrating economically, but still faces sharp inter-state rivalries and unresolved intra-state conflicts. For the moment, the Association of Southeast Asian Nations (ASEAN) is at the centre of the most inclusive forms of multilateralism. Canada recently signed its Treaty of Amity and Cooperation and has made adjustments in its Burma policy which have incorporated it back into ASEAN-style institution building, an essential step in the quest for a meaningful role in the region.

Second, be present and active in regional institutions and processes. However imposing and influential China might be, it is not Asia. A successful national strategy must combine deeper bilateral relations with numerous key countries in addition to fully engaging in the region's key institutions and processes. During this current moment of economic dynamism, political turbulence and geopolitical transition, Asia's nascent and often slow-moving institutions matter.

Economically, an Asian complex web of free trade agreements is a second best option to a successful Doha round. But it is a game we must play. Although Ottawa has initiated trade negotiations with several Asian countries (Singapore, South Korea, India and Japan), it has completed none. We are put at a distinct competitive disadvantage while our



competitors who have concluded preferential trade agreements are gaining tangible market advantages at our expense. The recent invitation to attend the Trans-Pacific Partnership negotiations is an important, but uncertain step forward.

Politically, Canada has been an evanescent player in the Asia Pacific Economic Cooperation (APEC) forum since it hosted its Leaders' Summit in Vancouver in 1997. While there are concerns about its declining relevance and possible eclipse by the popular East Asia Summit process, it nonetheless deals with significant trade facilitation matters and remains, at the present time, a symbol of regional commitment. It's time to reinvigorate our participation and to host another APEC summit.

Looking to the future, we note that Canada is not a member of the



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East Asia Summit process which may be emerging as the most important meeting of leaders in the region. Nor are we a member of the ASEAN Defence Members 'Plus' meetings. We need to be at both tables. The recent focus on ASEAN by the Prime Minister and senior ministers including John Baird and Ed Fast is a first step in re-establishing Canadian credibility.

The region does not expect Canada to be a major player in military deployments, though a presence in multilateral exercises like RIMPAC and ship deployments are welcome. What the region does expect is an active Canadian role in open processes like the ASEAN Regional Forum. Our interests and capabilities in non-traditional security issues including conflict resolution, people smuggling and human trafficking, as well as managing

trans-boundary water disputes are recognized and well received.

Third, success in Asia, as countries like Australia continue to demonstrate, requires not just a whole-of-government but a whole-of-country approach which involves a cross-partisan consensus and long-term commitment on multiple levels that includes government, business, educators and civil society. Canada in the past forty years has been a serious and respected player across the Pacific. Our nemesis has been staying power.

The recent American 'rebalancing or pivot' towards Asia is an unmistakable sign of the growing significance of the region that is being accompanied by a full court press involving economic, commercial, military and social dimensions. A similar full court press by Canada requiring a game plan, new resources and better communication

among the players on the court is urgently required.

Fundamental is a stronger knowledge base and research capacity on Asia, including an expansion of centers of research and excellence to promote a focus on Asia and priority issues in our institutional involvement both in Asia and globally. This should be accompanied by an expansion in institutional links and collaboration between Canadian and Asian universities.

Long-term success in Asia will depend upon increasing Asian literacy across the country. This soft infrastructure needs to include much bigger investment in language training, as well as student and professional exchanges. Similarly, our hard infrastructure developed as part of the Asia Pacific gateway initiatives of the past seven years needs to move towards a second phase.

In a speech on September 24th to the Canadian Council of Chief Executives, Minister John Baird outlined Canada's "full-scale engagement on four fronts" including trade; regional security and governance; follow through on commitments; and the promotion of Canadian values.

This is the most ambitious statement by the government to date and has in it the ingredients of the ambition and vision on Asian engagement that is needed. The time is ripe for these ingredients to be re-cast in a full-blown national strategy that has the leadership and resources required to put it in motion. ☺☺

Don Campbell, Senior Strategy Advisor at Davis LLP, Paul Evans, Professor of Asian International Relations at the University of British Columbia, and Pierre Lortie, Senior Business Advisor at Fraser Milner Casgrain LLP, recently produced a taskforce report called *Securing Canada's Place in Asia: Institutions, Means and Mechanisms* that was published by the Asia Pacific Foundation of Canada.

by ROBERT WISNER,
MCMILLAN LLP

The New Canada-China Investment Treaty:

A Modest Step Toward Closer Trade and Investment Relations

AT THE END OF SEPTEMBER, THE CANADIAN government submitted the text of the new Canada-China Foreign Investment Protection and Promotion Agreement (known as a “FIPA”) for discussion by the Canadian Parliament. The resulting debate has generated more heat than light. Nationalistic critics have portrayed the treaty as a threat to Canadian sovereignty while some businesses have hoped that it will lead to the removal of all remaining barriers to investment between the two countries.

In fact, the Canada-China FIPA strikes a careful balance between the fears of its critics and the hopes of its strongest supporters. The FIPA will provide Chinese investors in Canada, and Canadian investors in China, with a real measure of protection in those rare cases of unfair and discriminatory conduct by a host government. At the same time, it preserves the ability of both governments to review foreign investment and to regulate it in the public interest. The new Canada-China FIPA is therefore just a modest step towards closer international trade and investment relations between the two countries rather than a revolutionary new framework.

The Balance of Investment Protections and Government Prerogatives

The Canada-China FIPA generally follows the template that has been adopted by the government of Canada in Chapter 11 of the North American Free Trade Agreement and in over 24 FIPAs that are already in force with other countries. These treaties are part of a worldwide network of over 2,500 investment treaties that provide foreign investors with a stable and predictable framework for their investments.

On the one hand, the Canada-China FIPA contains a basic set of protections for foreign investment that require host governments to:

- pay compensation for direct or indirect expropriation;
- treat foreign investment fairly and equitably by respecting legitimate expectations and providing due process before courts and tribunals;

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- apply their laws in a transparent and impartial manner;
- refrain from discriminatory or protectionist conduct; and
- allow for repatriation of profits and transfer of capital.

On the other hand, the Canada-China FIPA preserves the ability of each government to review foreign investment before admission and to regulate it thereafter. The FIPA also contains general exceptions relating to sensitive areas and industries. Investments in cultural industries, the preservation of the stability of financial institutions, non-discriminatory environmental protection measures and laws relating to essential security interests are all singled out for special consideration.

The Settlement of Foreign Investment Disputes

Unlike many types of international treaties, modern investment agreements have strong dispute settlement mechanisms. Foreign investors can enforce their rights directly through international arbitration. Arbitral tribunals have rendered significant damage awards to foreign investors whose rights have been violated. These awards are enforceable against host state assets in over 140 countries – leading host governments to take meritorious claims seriously.

Although China has a vast network of bilateral investment treaties with other countries, most of these treaties have limited the rights of investors to bring direct international arbitration claims. However, the Canada-China FIPA is part of a series of “next generation” agreements whereby China has agreed to broaden the scope of investor-state arbitration. Last year saw the first claim under such a treaty against China registered by the International Centre for the Settlement of Investment Disputes (“ICSID”). It also saw the first ever award issued by an ICSID tribunal in favour of Chinese investors against a foreign state.

By allowing for the settlement of certain disputes with the Chinese government through international arbitration, the Canada-China FIPA provides Canadian investors with an

alternative to a Chinese court system that has not yet acquired the trust of many foreign investors. However, experienced Canadian businesses know that disputes in China are best resolved through negotiation. The Canada-China FIPA contains a “cooling off” period that mandates negotiations before arbitration and requires Canadian investors to pursue China’s administrative reconsideration procedure for at least four months where available.

Canada has a very good but not perfect record for the treatment of foreign investors and their investments. Providing protections to Chinese businesses making investments in Canada should further enhance the growing flow of Chinese investment into Canada, particularly in natural resources but increasingly also in other sectors.

In those rare cases where disputes will be resolved through arbitration, the award will be made public. The government of Canada has declared that its policy is to make written submissions in such disputes public (subject to the protection of confidential information) and the FIPA allows either government to do so where it considers this to be “in the public interest.” Thus, the concerns of some critics regarding the transparency of the dispute resolution process appear to be overblown.

The Need for Careful Investment Planning Continues

The FIPA is due to be ratified by Canada once it has been considered by Parliament for 21 sitting days and it will enter into force once China completes its own treaty ratification procedures. However, even after entry into force, Canadian and Chinese businesses will

still need to mitigate some of the risks of doing business in a foreign country through careful investment planning and contract drafting.

For example, Canada maintains its foreign investment review regime (the Investment Canada Act) in order to ensure that large acquisitions of domestic enterprises are expected to be of “net benefit to Canada.” Although this screening process rarely impedes proposed transactions, it has been invoked in a small number of cases, including on a temporary basis during the recent attempt by Malaysia’s state-owned Petronas to acquire Progress Energy. Interested observers are awaiting the federal government’s decision with respect to CNOOC’s proposed acquisition of Canadian energy giant Nexen for clarification of the government’s policy with respect to investment in strategic areas by foreign state-owned enterprises. The Canada-China FIPA exempts any decisions under the Investment Canada Act (and from China’s own investment review legislation) from international arbitration, so ensuring necessary government approvals will continue to be an important issue at the investment planning stage of complex transactions.

Meanwhile, Canadian and Chinese businesses should continue to consider international arbitration clauses in their commercial agreements. The FIPA is designed to address government legislative and regulatory action, not contractual disputes with either private or state-owned entities. International arbitration provides a neutral forum for dispute resolution where each side of a transaction finds the other’s courts to be an unacceptable or inconvenient venue. ☹☹



SHUTTERSTOCK

Le nouveau traité d'investissement entre le Canada et la Chine :

par ROBERT WISNER,
MCMILLAN LLP

Un petit pas vers des relations plus étroites pour le commerce et l'investissement

À LA FIN DE SEPTEMBRE, LE gouvernement canadien a présenté le texte du nouvel Accord sur la promotion et la protection des investissements étrangers (connu sous le nom de « APIE ») entre le Canada et la Chine pour examen par le Parlement du Canada. Le débat qui s'en est suivi a généré plus de feu que de lumière. Les critiques nationalistes ont dépeint le traité comme une menace pour la souveraineté du Canada tandis que certaines entreprises ont exprimé l'espoir que cela conduira à la suppression de tous les obstacles à l'investissement entre les deux pays.

En fait, l'APIE entre le Canada et la Chine établit un juste équilibre entre les craintes de ses détracteurs et les espoirs de ses plus ardents défenseurs. L'APIE fournira aux investisseurs chinois au Canada et aux investisseurs canadiens en Chine une véritable mesure de protection dans les rares cas de conduite injuste et discriminatoire de la part d'un gouvernement hôte. Simultanément, il préserve la capacité des deux gouvernements à examiner les investissements étrangers et à les réglementer en respect de l'intérêt public. Le nouvel APIE entre le Canada et la Chine est donc simplement un petit pas vers des relations plus étroites en ce qui concerne le commerce international et les investissements entre les deux pays, plutôt que d'un nouveau cadre révolutionnaire.

L'équilibre entre la protection des investissements et les prérogatives gouvernementales
L'APIE entre le Canada et la Chine suit généralement le modèle qui a été adopté

par le gouvernement du Canada dans le chapitre 11 de l'Accord de libre-échange nord-américain et dans plus de 24 APIE qui sont déjà en vigueur avec d'autres pays. Ces traités font partie d'un réseau mondial de plus de 2500 traités d'investissement qui fournissent aux investisseurs étrangers un cadre stable et prévisible pour leurs investissements.

D'une part, l'APIE entre le Canada et la Chine contient un ensemble de protection de base pour tout investissement étranger qui exige que les gouvernements hôtes fassent ce qui suit :

- verser une indemnité pour toute expropriation directe ou indirecte;
- traiter les investissements étrangers de façon juste et équitable en respectant les attentes légitimes et en fournissant une application régulière de la loi devant les cours et les tribunaux;
- appliquer leurs lois d'une manière transparente et impartiale;
- s'abstenir de tout comportement discriminatoire ou protectionniste; et
- permettre le rapatriement des bénéfices et des transferts de capitaux.

D'autre part, l'APIE entre le Canada et la Chine préserve la capacité de chaque gouvernement à examiner les investissements étrangers avant leur admission et à les réglementer par la suite. L'APIE contient des exceptions générales relatives aux zones et aux industries sensibles. Les investissements dans les industries culturelles, la préservation de la stabilité des institutions financières, des mesures non discriminatoires de protection de

l'environnement et des lois relatives aux intérêts essentiels de la sécurité exigent tous une considération spéciale.

Le règlement des différends relatifs aux investissements étrangers

Contrairement à de nombreux types de traités internationaux, les accords d'investissement modernes ont de solides mécanismes de règlement des différends. Les investisseurs étrangers peuvent faire valoir leurs droits directement auprès de l'arbitrage international. Les tribunaux arbitraux ont accordé d'importants dommages-intérêts aux investisseurs étrangers dont les droits ont été violés. Ces montants adjugés sont opposables aux actifs de l'État d'accueil dans plus de 140 pays; et donc les principaux gouvernements hôtes prennent les réclamations justifiées au sérieux.

Bien que la Chine possède un vaste réseau de traités d'investissement bilatéraux avec d'autres pays, la plupart de ces traités ont limité les droits des investisseurs de porter leurs actions à l'arbitrage international. Cependant, l'APIE entre le Canada et la Chine fait partie d'une série d'accords de « nouvelle génération » par lesquels la Chine a accepté d'élargir la portée de l'arbitrage entre l'investisseur et l'État. L'année dernière, la première réclamation en vertu d'un tel traité contre la Chine a été déposée par le Centre international pour le règlement des différends relatifs aux investissements (« CIRDI »). On a également assisté au premier montant jamais octroyé prononcé par un tribunal du CIRDI en faveur des investisseurs chinois contre un État étranger.

En permettant le règlement de certains différends avec le gouvernement chinois par l'arbitrage international, l'APIE entre le Canada et la Chine offre aux investisseurs canadiens une option au système judiciaire chinois qui n'a pas encore acquis la confiance de nombreux investisseurs étrangers. Toutefois, les entreprises canadiennes expérimentées savent que les différends en Chine sont mieux résolus par la négociation. L'APIE entre le Canada et la Chine contient une « période de réflexion » qui exige que des négociations soient engagées avant l'arbitrage et qui exige que les investisseurs canadiens suivent la procédure



LEFT: BIGSTOCK. RIGHT: SHUTTERSTOCK

de réexamen administratif en Chine pendant au moins quatre mois, le cas échéant.

Le Canada a d'excellents antécédents (mais pas parfaits) en matière de traitement des investisseurs étrangers et de leurs investissements. En fournissant des protections aux entreprises chinoises qui investissent au Canada, on devrait renforcer les flux croissants d'investissements chinois au Canada, en particulier dans les ressources naturelles, mais aussi de plus en plus dans d'autres secteurs.

Dans les rares cas où les conflits seront résolus par voie d'arbitrage, la sentence sera rendue publique. Le gouvernement du Canada a déclaré que sa politique consiste à rendre les soumissions écrites de ces différends publiques (sous réserve de la protection des informations confidentielles) et l'APIE permet à chaque gouvernement de le faire, s'il estime que le cas est « dans l'intérêt public ». Ainsi, les préoccupations de certains critiques quant à la transparence du processus de règlement des différends semblent être exagérées.

La nécessité d'une planification prudente des investissements continue

L'APIE devrait être ratifié par le Canada une fois qu'il a été examiné par le Parlement pendant 21 jours de séance et il entrera en vigueur dès que la Chine

aura terminé ses propres procédures de ratification des traités. Cependant, même après son entrée en vigueur, les entreprises canadiennes et chinoises auront encore besoin d'atténuer certains des risques de faire des affaires dans un pays étranger par la planification prudente des investissements et la rédaction de contrats minutieuse.

Par exemple, le Canada maintient son régime d'examen des investissements étrangers (la Loi sur Investissement Canada) afin de s'assurer que les acquisitions de grandes entreprises nationales offrent un « avantage net pour le Canada ». Bien que ce processus de sélection empêche rarement les opérations proposées, il a été invoqué dans un petit nombre de cas, notamment sur une base temporaire lors de la récente tentative de la société Petronas appartenant à l'État de la Malaisie d'acquérir Progress Energy. Les observateurs intéressés attendent la décision du gouvernement fédéral à l'égard de l'acquisition proposée par CNOOC du géant canadien de l'énergie, Nexen, pour des éclaircissements sur la politique du gouvernement en matière d'investissement dans les secteurs stratégiques par des entreprises d'État étrangères. L'APIE entre le Canada et la Chine exempte toute décision dans le cadre de la Loi sur Investissement Canada (et de toute législation de la Chine sur l'examen des investissements) de l'arbitrage

international, assurant ainsi que les approbations gouvernementales nécessaires continueront d'être une question importante à l'étape de la planification des investissements de transactions complexes.

Pendant ce temps, les entreprises canadiennes et chinoises devraient continuer à examiner les clauses d'arbitrage international dans leurs accords commerciaux. L'APIE est conçu pour répondre à toute action gouvernementale législative et réglementaire, et non pour traiter des différends contractuels avec des entités privées ou appartenant à l'État. L'arbitrage international est une tribune neutre pour la résolution des différends lorsque chaque partie d'une transaction décide que les tribunaux de l'autre partie sont inacceptables ou inconfortables. ☹☹

Robert Wisner is a partner in the Toronto office of McMillan LLP. His practice focuses on international arbitration, cross-border litigation and international trade. Robert has been recognized for his work in international arbitration by, amongst others, Chambers Global, Best Lawyers in Canada, Lexpert and Who's Who Legal.

Robert Wisner est un associé du bureau de Toronto de McMillan LLP et est coprésident de son groupe d'arbitrage international.

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Year-End Wrap-Up

by SARAH KUTULAKOS,
Executive Director, China Canada Business Council

2012 WILL BE REMEMBERED AS A landmark year for Canada-China relations. Prime Minister Stephen Harper's February visit to China was one of the most significant governmental visits in history. He and President HU Jintao announced numerous agreements, including the Foreign Investment Protection and Promotion Agreement (FIPA), the Nuclear Cooperation Agreement, and the planned release of a bilateral economic complementarity study. Ratification/release of all three happened later in the year. During the PM's visit, CCBC was honoured to hear him speak at two of our events in Beijing and Guangzhou. Executive Vice Premier LI Keqiang also joined the prime minister as a keynote speaker at the Canada China Business Forum in Beijing, which we and our partner CCPIT co-hosted.

This event also included afternoon plenary sessions with some of Canada and China's top executives and the

Prime Minister witnessed a signing ceremony to recognize more than 20 business partnerships that reached new levels this year and represent \$3 billion dollars worth of bilateral trade and investment.

Following the PM's trip to China, CCBC hosted a number of events and round tables with our members to better understand the agreements reached during his visit. We are pleased to see both governments taking great strides in ensuring that the relationship continues to evolve to meet the needs and interests of businesses in both countries.

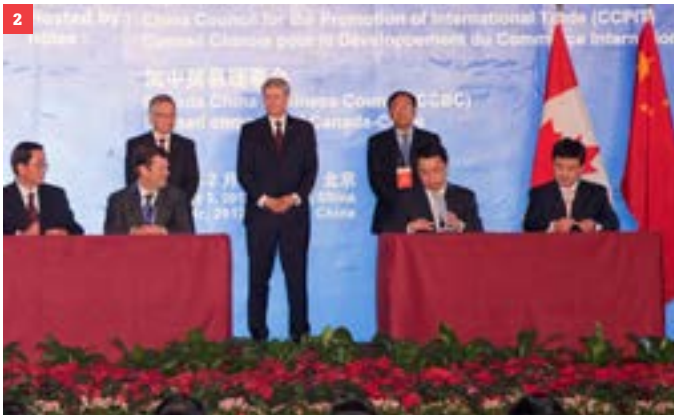
As testament to the business relationship, we also hosted a successful President's Dinner this spring, introducing a training delegation of China's top financial executives to our members. The President's Dinner is one of my favourite CCBC events because it brings together so many interesting executives and gives them the opportunity to build relationships.

Peter Harder and I met in June this year with two "alumni" of a previous President's Dinner who look back very fondly on their Canadian training experience.

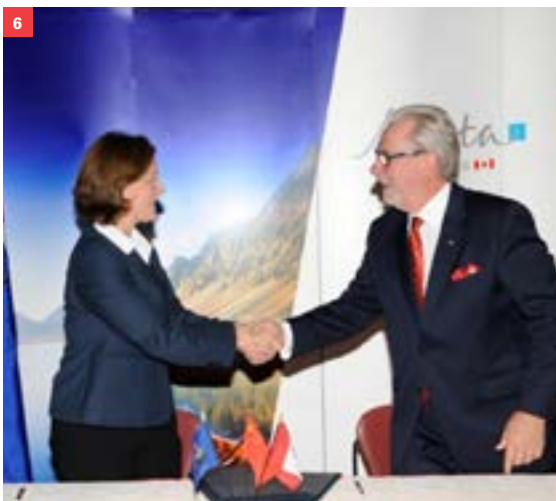
Another important relationship builder was our Premier's Banquet in Beijing. CCBC had the honour of hosting eight Canadian provincial and territorial Premiers during their 2012 Council of the Federation mission to China. Our event brought together more than 350 delegates, members, and guests from companies, government organizations and educational institutions, and China's Minister of Commerce CHEN Deming delivered keynote remarks highlighting the progress made in China's economic relationship with Canada. Minister CHEN also spoke in Toronto later that month.

This year also marked the retirement of Canada's Ambassador to China, Mr. David Mulroney, who stepped down from his post this summer. Before his departure, CCBC hosted events in his





1 CCBC board of directors and sponsors of the 5th Canada China Business Forum pose for a photo with The Right Honourable Stephen Harper in Guangzhou, China. **2** The 5th Canada China Business Forum included a signing ceremony that, witnessed by the Prime Minister, recognized nearly 50 Canadian and Chinese firms with major partnership deals to announce. **3** ZHANG Junsai, Ambassador Extraordinary and Plenipotentiary of the People's Republic of China to Canada, addresses CCBC members and guests at a luncheon in Toronto to welcome China's Minister of Commerce, CHEN Deming. **4** "I congratulate [the CCBC] for helping build stronger trade relations between Canada and China," said the Right Honourable Stephen Harper, Prime Minister of Canada, on February 9 at the 5th Canada China Business Forum in Beijing. **5** The Right Honourable Stephen Harper, and Vice-Premier of the State Council of the People's Republic of China, LI Keqiang, at the 5th Canada-China Business Forum. **6** CCBC President Peter Harder and Alberta Premier Alison Redford shake hands after signing a partnership agreement in Beijing that will see CCBC participate in the Alberta Government's "Alberta Abroad" program. **7** The Premiers of Nova Scotia, New Brunswick, Manitoba, Prince Edward Island, Saskatchewan, Alberta, Northwest Territories and Yukon took part in a panel discussion and banquet as part of the 2012 Council of the Federation mission to China.





honour in Beijing, Ottawa and Toronto. The Ambassador-Designate, Mr. Guy Saint-Jacques, was also our honoured guest at meetings in Montreal (where he delivered his first official speech), Toronto, and Beijing. Canada's new Consul General in Shanghai, Mr. Rick Savone, spoke to members in Toronto and Montreal before taking his post, and China's new Consul General to Toronto, FANG Li, addressed members at a Toronto luncheon in March. All of these officials play a very important role in supporting the business environment, and our members highly value the opportunity to interact with them.

Some of the most important work that we do at the Council is to help companies – particularly SMEs – learn about the opportunities and pitfalls of doing business in China so that they can make informed decisions. We hosted a series of outreach events across Canada and in China this year to connect with companies just entering China who could benefit from expert advice. We collaborated with DFAIT, EDC, among others, to run outreach programs in Vancouver, Calgary, Edmonton, Regina, Windsor, Vaughan, and Toronto. We also hosted a Mayors' Forum with the leaders of 14 Ontario municipalities, all of which are in different stages of developing a China strategy for promoting exports and attracting investment. As part of the "Lessons Learned in China" series, we hosted an event on Green Development in China, and learned about China's

environmental goals and the opportunities for Canadian companies involved in clean technologies. We also introduced member firms to the Northeast province of Heilongjiang and the city of Harbin, which has many appealing sectors and synergies in areas like aerospace, mining, and agriculture. Participants interacted with government officials, met local companies, and saw examples of Harbin's development.

In addition to education for SME's, the Council spends a great deal of time assisting smaller firms, who make up more than 2/3 of our membership. Our incubation platform grew nicely this year, with new tenants in our formal Business Incubation Center (BIC) in Shanghai and the less formal incubation space within our Beijing office. The majority of our new incubation clients come from the province of Quebec, and we are grateful for Export Quebec's support this year, which helped the BIC get up and running. We encourage other provinces to actively refer firms to the BIC, as it can play a very helpful role in the transition between provincial assistance in exploring the China marketplace and the detailed administrative/hiring work it takes to turn that exploration into investment and sales.

In China, CCBC's Beijing Chapter serves as the de facto Canadian Chamber of Commerce in that city, which means a focus on "being Canadian" in a way that is not needed

in our other chapters. This is done in part through the chapter's signature events, including Fête du Canada Day Celebrations, the Great Canadian Christmas Party, and the new (and wildly successful) Hockey Night in Beijing. As this magazine goes to print, the Beijing team is preparing for the 25th Annual Charity Ball, another key event there. Our members use such events not only to bring a bit of home to their adopted city, but also to introduce clients and local staff to Canadian holidays and culture.

Finally, as I write this article, we await the outcome of the National Party Congress in China. While the top leadership is widely known, the rest of the Standing Committee remains to be confirmed. Rest assured, we will keep members updated on the results of the transition and give them the opportunity to learn about and meet new leaders as they reach out in their bilateral relationships. For as much as things change in the business and political environment, the one factor that remains the same is the importance of government to Canada-China business. 🇨🇦

Sarah Kutulakos joined the Council in 2007 and has since re-centered the Council's activities around providing business services, catalyzing business growth and activity, and advocating for stronger Sino-Canadian bilateral trade and investment.

7,8 More than 300 guests attended a luncheon in Toronto in honour of keynote speaker CHEN Deming, Minister of Commerce of the People's Republic of China. **9** CCBC and mayors from across Ontario discussed China's economic impact as well as the industries and investments that will shape their future prosperity, at the Mayor's Forum on China. **10** CCBC welcome Rick Savone. **11** CCBC hosted a welcome luncheon in Toronto for Mr. FANG Li, Consul General of the People's Republic of China in Toronto.



BEST BLOGS

**A list of China business blogs
selected and compiled by the team
at website and research firm Danwei.**



Danwei Picks



Buy Buy China

A website about Chinese retail, branding and consumer behavior with opinion pieces

on Chinese consumers and consumer industries.

<http://www.buybuychina.com>

Posting frequency: Daily.



China Law Blog

Since 2004 this blog by Dan Harris has been one of the most-read blogs on China business

and commercial legal issues. The blog's archives contain good advice for anyone starting or running a business in China, and come from the blogger's many years of experience with clients, some of whom have failed miserably in China and some of whom are standout successes.

<http://www.chinalawblog.com>

Posting frequency: Multiple weekly.



GMT +8

A bilingual English-Chinese blog by Thomas D. Gorman, founding publisher and editor of

Fortune magazine's Chinese edition and who has been doing business in China since the 1970s. The blog is currently optimized for Chinese readers – you have to click on the bilingual titles to see the English text – but the postings are very much worth the extra navigation.

<http://app.fortunechina.com/blog/gmt8>

Posting frequency: Once weekly.



Silicon Hutong

Business, PR, media, Internet and technology from China, by Chinese media and tech

industry veteran David Wolf.

<http://siliconhutong.com/>

Posting frequency: Once or twice weekly.



This is China! Blog

Forthright assessments on branding, business, technology and innovation in China by author and China industry analyst Bill Dodson.

<http://thisischinablog.com>

Posting frequency: Once or twice weekly.



Blogs

All Roads Lead to China

Commentary on China's

macroeconomic and development outlook, and business news by Richard Brubaker, a professor at the China Europe International Business School (CEIBS) in Shanghai.

<http://www.allroadsleadtochina.com>

Posting frequency: Multiple weekly.



China

Accounting Blog

Commentary on accounting issues and the Big Four accounting firms

in China, although with very non-user friendly site layout.

<http://chinaaccountingblog.com>

Posting frequency: Once or twice weekly.



China Car Times

In-depth news and analysis on China's auto industry.

<http://www.chinacartimes.com>

Posting frequency: Daily.



China Finance

Finance, listed companies, IPOs, and structuring of foreign direct investment by

Fredrik Öqvist, an independent analyst and consultant based in Beijing.

<http://zhongguojinrongblog.wordpress.com>

Posting frequency: About once a month.



China Financial Markets by Michael Pettis

Finance, markets, monetary policy

and regulators by Michael Pettis, a finance professor at China's Peking University Guanghua School of Management and owner of Maybe Mars record label.

<http://www.mpettis.com>

Posting frequency: About twice a month.



China Hearsay

Lively commentary on Chinese legal affairs and business by Beijing-based

lawyer Stan Abrams.

<http://www.chinahearsay.com>

Posting frequency: Multiple weekly.



China Sourcing Information Center

Practical information on sourcing products from China.

<http://chinasourcinginfo.org>

Posting frequency: Once or twice weekly.



Chovanec

Overview of Chinese business and politics by Patrick Chovanec, a professor

at Tsinghua University's School of Economics and Management in Beijing.

chovanec.wordpress.com

Posting frequency: About once a week.



Digicha, Sinocism and @niubi

Beijing-based Bill Bishop, whose resume includes

co-founding CBS MarketWatch and selling it to Dow Jones, keeps two blogs and a Twitter feed. Twitter.com/niubi is constantly updated throughout the day with news and investment business stories from English and Chinese sources, which are posted in lengthier form on the blog Sinocism, while Digicha covers Internet and digital media in China.

digicha.com, sinocism.com



Foreign Entrepreneurs in China

Offers tips and advice on doing business in China

for small and medium sized enterprises.

<http://www.foreignentrepreneursinchina.com>

Posting frequency: **Two or three times weekly.**



IP Dragon

A blog focused on IP issues in China with regular updates; edited by Shenzhen-based

IP consultant and academic Danny Friedmann.

<http://www.ipdragon.org/>

Posting frequency: **Multiple weekly.**



Jing Daily

Interviews and news about luxury products, marketing and business in China.

<http://jingdaily.com/>

Posting frequency: **Multiple weekly.**



Managing the Dragon

Based on the book of the same name by Jack Perkowski, the blog draws on

Perkowski's years of doing business in China. Perkowski's assertive style may not be for everyone, but his blog provides useful perspectives on a number of industries in China.

<http://managingthedragon.com>

Posting frequency: **About once weekly.**



Quality Inspection Tips

By Renaud Anjoran, who runs a quality assurance agency in China.

<http://www.qualityinspection.org>

Posting frequency: **Two or three times weekly.**



Silk Road International Blog

For an on-the-ground perspective of doing business in China and on

managing sourcing and manufacturing processes by David Dayton, who has been active in Asia for two decades.

<http://silkroadintl.net/blog>

Posting frequency: **Once or twice monthly.**

Newspapers and Magazines



Beyondbricks by The Financial Times

The Financial Times' free access

Beyondbricks blog features business and economic news and analysis of the BRICS countries and other emerging markets.

<http://blogs.ft.com/beyond-brics/category/asia/china>

Posting frequency: **Daily.**



Caixin Online

English online edition of Chinese business magazine edited by Hu Shuli,

whom The Economist once called "the most dangerous woman in China" for her investigative reporting.

<http://english.caixin.com>

Posting frequency: **Daily.**



China Economic Review

Website of the China-based magazine of the

same name, with news, reports and columns from the print magazine.

<http://www.chinaeconomicreview.com>

Posting frequency: **Daily.**



China Real Time Report by The Wall Street Journal

Free access China-focused blog by The

Wall Street Journal; China news and commentary on business, the economy and politics.

<http://blogs.wsj.com/chinarealtime>

Posting frequency: **Daily.**



Economic Observer

English online edition of a Chinese newspaper with a good reputation for

business news and economic reporting.

<http://www.eeo.com.cn/ens>

Posting frequency: **Daily.**

Podcasts



AmCham China Podcasts

AmCham China podcasts are interviews that the

American Chamber of Commerce in Beijing conducts with China experts, government officials, academics and journalists on a range of business and economic issues.

<http://www.amchamchina.org/podcasts>

Posting frequency: **Usually once weekly.**



China Economic Radio

Interviews and discussions on economic and

business issues in China, with expert guests hosted by senior staff from the China Economic Review magazine (although not officially affiliated with the magazine). **China Money Podcast** Investing in China: interviews with business experts and executives.

<http://www.chinaeconomicradio.com>

Posting frequency: **A few times a month.**

Danwei helps companies understand China by tracking brands, investments, people, businesses, competitors and regulators. The firm is best known for analyzing state, commercial and social media, and anything found on the vast Chinese Internet but also draws on official documents, court filings, and primary research done with feet on the ground reporting and focus groups. Danwei publishes information about China and Chinese media at Danwei.com.



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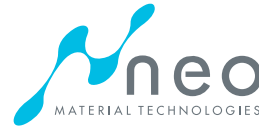
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*Varies by sector. Source: Delta Economics 2011.

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